



港龍中國地產
GANGLONG CHINA PROPERTY

港龍中國地產集團有限公司

Ganglong China Property Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6968

GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



IMPORTANT

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



港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited 港龍中國地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	400,000,000 Shares (subject to Over-allotment Option)
Number of Hong Kong Offer Shares	:	40,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	360,000,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price (subject to a Downward Offer Price Adjustment)	:	Not more than HK\$4.10 per Offer Share and expected to be not less than HK\$3.60 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing) (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\$3.24 per Offer Share)
Nominal value	:	HK\$0.01 per Share
Stock code	:	6968

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 "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above. The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered and sold within the United States or to, or for the account or benefit of any U.S. person, except that Offer Shares may be offered or sold outside the United States in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 3, 2020 and, in any event, not later than Monday, July 13, 2020, or such other date as agreed between parties. The Offer Price will be no more than HK\$4.10 per Offer Share and is currently expected to be no less than HK\$3.60 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Monday, July 13, 2020, or such other date as agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

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

The Joint Global Coordinators may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.gchina.group not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

June 29, 2020

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.glchina.group.

- Hong Kong Public Offering commences and
WHITE and **YELLOW** Application Forms available from 9:00 a.m. on Monday,
June 29, 2020
- Latest time for completing electronic applications under
HK eIPO White Form service through
one of the below ways⁽²⁾:
- (1) the designated website www.hkeipo.hk
- (2) the **IPO App**, which can be downloaded by
searching “**IPO App**” in App Store or
Google Play or downloaded at
www.hkeipo.hk/IPOApp or
www.tricorglobal.com/IPOApp 11:30 a.m. on Friday,
July 3, 2020
- Application lists open⁽³⁾ 11:45 a.m. on Friday,
July 3, 2020
- Latest time to lodge **WHITE** and **YELLOW** application forms 12:00 noon on Friday,
July 3, 2020
- Latest time to give electronic application instructions to HKSCC⁽⁴⁾ 12:00 noon on Friday,
July 3, 2020
- Latest time to complete payment of **HK eIPO White Form** applications by
effecting internet banking transfers or PPS payment transfer(s) 12:00 noon on Friday,
July 3, 2020
- Application lists close 12:00 noon on Friday,
July 3, 2020
- Expected price determination date⁽⁵⁾ Friday, July 3, 2020
- 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 paragraph headed “Structure of the Global Offering —
Pricing and Allocation”) on the website of the Hong Kong
Stock Exchange at www.hkexnews.hk and our Company's
website at www.glchina.group on or before⁽⁶⁾ Tuesday, July 14, 2020
(in a separate announcement)
- (1) Announcement of:
- the Offer Price;
 - the level of applications in Hong Kong Public Offering;
 - an indication of the level of interest in the International Offering; and
 - the basis of allocation of the Hong Kong Offer Shares,
- to be published on the websites of the Stock Exchange
at www.hkexnews.hk and our Company at
www.glchina.group⁽⁹⁾ on or before⁽⁷⁾ Tuesday, July 14, 2020
- (2) Announcement of 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 including the websites of the Stock Exchange
at www.hkexnews.hk⁽⁸⁾ and our Company at www.glchina.group⁽⁹⁾
(see “How to Apply for the Hong Kong Offer Shares —
11. Publication of Results” from) Tuesday, July 14, 2020
- (3) A full announcement of the Hong Kong Public Offering
containing (1) and (2) above will be published on the
website of the Stock Exchange at www.hkexnews.hk and
our Company's website at www.glchina.group⁽⁹⁾ from Tuesday, July 14, 2020

EXPECTED TIMETABLE⁽¹⁾

- Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result (alternatively www.hkeipo.hk/IPOresult) or available at “Allotment Result” function in the **IPO App** with a “search by ID/Business Registration Number” function Tuesday, July 14, 2020
- Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾ Tuesday, July 14, 2020
- Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be posted on or before⁽¹⁰⁾ Tuesday, July 14, 2020
- Dealings in Shares on the Stock Exchange expected to commence on 9:00 a.m. on Wednesday, July 15, 2020

The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, July 14, 2020. Investors should be aware that the dealings in our Shares on the Stock Exchange are expected to commence on Wednesday, July 15, 2020.

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form Service** through the designated website at www.hkeipo.hk or the **IPO App** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020, the application lists will not open and close on that day. For further details, please refer to the section headed “How to Apply for the Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Friday, July 3, 2020, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for the 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 Friday, July 3, 2020 and, in any event, no later than Monday, July 13, 2020, or such other date as agreed between parties. If, for any reason the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Monday, July 13, 2020, or such other date as agreed between parties, 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 allotment result announcement.
- (7) Share certificates are expected to be issued on Tuesday, July 14, 2020 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Wednesday, July 15, 2020. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.
- (8) The announcement will be available for viewing on the “Main Board — Allotment of Results” page on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.glchina.group.
- (9) None of the websites or any of the information contained on the website forms part of this prospectus.
- (10) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly successful applications if the final Offer Price is less than the Offer Price payable on application and wholly or partially unsuccessful applications. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong

EXPECTED TIMETABLE⁽¹⁾

*Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus. Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their Share certificates and/or refund cheques (where applicable) in person from the Hong Kong Share Registrar between 9:00 a.m. and 1:00 p.m. on Tuesday, July 14, 2020 or on the date notified by our Company as the date of dispatch of Share certificates and refund cheques. Applicants being individuals who is eligible for collection in person must not authorise any other person to make their collection on their behalf. Applicants being corporations that is eligible for collection in person must attend by their authorised representatives bearing letters of authorization from their corporations stamped with the corporation’s chop. Both individuals and authorised representatives, as the case may be, must produce at the time of collection evidence of identity acceptable to the Hong Kong Share Registrar. If an applicant is eligible for collection in person but does not collect the Share certificate and/or refund cheque (where applicable) by 1:00 p.m. on Tuesday, July 14, 2020, the Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant’s own risk.*

*Applicants who apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, may have e-Auto Refund payment instructions (if any) dispatched to their application payment bank account. Applicants who apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, may have refund cheque(s) sent to the address specified in their application instructions to the designated **HK eIPO White Form** Service Provider by ordinary post and at their own risk.*

*Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their refund cheques (where applicable) in person from the Hong Kong Share Registrar between 9:00 a.m. and 1:00 p.m. on Tuesday, July 14, 2020 or on the date notified by our Company as the date of dispatch of refund cheques. The procedure for collection of the refund cheque (where applicable) is the same as that for **WHITE** Application Form applicant. Share certificate for successful applicant using **YELLOW** Application Form will be deposited into CCASS for credit to the applicant’s investor participant stock account or the stock account of the applicant’s designated CCASS participant. Detailed arrangements are set out in the section headed “How to Apply for the Hong Kong Offer Shares — 14. Dispatch/collection of Share certificates and refund monies” in this prospectus.*

For Applicants who apply for less than 1,000,000 Hong Kong Offer Shares, their Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant’s own risk.

The above expected timetable is a summary only. You should read carefully the sections headed “Underwriting”, “Structure of the Global Offering” and “How to Apply for the Hong Kong Offer Shares” for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us 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 making, 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 Hong Kong 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 for purposes of a public offering and the offering and sale of the Hong Kong 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. 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 contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by the Relevant Persons. Information contained on our website at www.glchina.group does not form part of this prospectus.

	Page
Expected Timetable	i
Contents	iv
Summary	1
Definitions	20
Glossary of Technical Terms	39
Forward-looking Statements	41
Risk Factors	42
Information about this Prospectus and the Global Offering	75
Directors and Parties Involved in the Global Offering	79
Corporate Information	84
Industry Overview	86
Regulatory Overview	104
History, Reorganization and Group Structure	121
Business	136
Relationship with our Controlling Shareholders and Non-competition Undertaking	275
Directors, Senior Management and Employees	282
Substantial Shareholders	294
Share Capital	296
Cornerstone Investors	299

CONTENTS

	<i>Page</i>
Financial Information	303
Future Plans and Use of Proceeds	351
Underwriting	355
Structure of the Global Offering	365
How to Apply for the Hong Kong Offer Shares	375
Appendix I — Accountant’s Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Property Valuation Report	III-1
Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law	IV-1
Appendix V — Statutory and General Information	V-1
Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection	VI-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this prospectus.

OVERVIEW

We are an established property developer in the Yangtze River Delta Region focusing on the development and sales of properties predominantly for residential use mixed with accompanying ancillary facilities, such as retail units, carparks and ancillary areas. Headquartered in Shanghai, we have established an active presence and a strategic regional coverage in the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in the PRC, which is expected to enjoy healthy economic growth continuously according to the Industry Report.

We were founded in Changzhou in 2007 and since then have expanded our footprint in surrounding cities near the Yangtze River Delta Region including Changshu, Yancheng and Nantong in Jiangsu Province and Hangzhou, Jiaxing, Huzhou and Shaoxing in Zhejiang Province. Leveraging our brand, experience and execution capability in property development, we further expanded into Shanghai, a first-tier city, and major cities in Henan and Guizhou provinces in 2018. According to the Industry Report, we ranked 83rd among the property developers in the residential property market in the PRC in terms of contracted GFA sold in 2019.

Adhering to our core values of “striving for innovation, building with integrity” (用心創新，以誠築城), we believe that we have built an excellent reputation in our markets for constant innovation, quality of our various product series and credibility. We were awarded with “Enterprise of Observing Contract and Valuing Credit (守合同重信用企業)” during 2015 to 2018, “2018 Advanced and Comprehensive Inspection Award in the 1st Construction Market of Changzhou City (常州市2018年第一次建築市場綜合大檢查綜合先進獎)” in 2018, “2018 Changzhou Star Enterprise (2018年度常州明星企業)” in 2019 and “2019 Changzhou Five Star Enterprise (2019年度常州五星級明星企業)” in 2020.

During the Track Record Period, we derived our revenue from nine development projects in four cities for our development and sales of properties. For the three years ended December 31, 2019, our revenue from the development and sales of properties amounted to RMB433.9 million, RMB1,659.6 million and RMB1,978.0 million respectively, representing a CAGR of 113.5%; and our net profit amounted to RMB32.8 million, RMB332.0 million and RMB470.1 million, respectively, representing a CAGR of 278.6%.

We intend to continue to adopt our diversified land acquisition strategy to enrich and optimize our land reserves and support our business growth. During the Track Record Period and up to the Valuation Date, we had a diverse project portfolio of 64 development projects in 22 cities, developed by our subsidiaries, joint ventures and associated companies. As of the Valuation Date, we had 53 development projects in 21 cities, developed by our subsidiaries, joint ventures and associated companies, with an aggregate land reserves of 5,444,423 sq.m., including (i) completed properties with a saleable and leasable GFA of 260,806 sq.m., (ii) properties under development with an aggregate GFA of 4,751,721 sq.m., and (iii) properties held for future development with an aggregate GFA of 431,896 sq.m.. We believe that such diversified land acquisition strategy will allow us to reinforce our business strategy of focusing on the Yangtze River Delta Region and strategically expanding into other new markets outside of the region and to accumulate strategically located land reserves.

OUR BUSINESS MODEL

Our business operation focuses on development and sales of properties in the PRC, which are typically situated in second-tier and third-tier cities in the Yangtze River Delta Region with access to High Speed Rail stations. We aim to (i) focus on the Yangtze River Delta Region and strategically expand into other new markets outside of the region such as Anhui, Shandong and Sichuan provinces and Chongqing city and (ii) continue to adopt our diversified land acquisition strategy to enrich our land reserves. To facilitate our business expansion, diversify our business risks and maintain flexibility, in addition to the development of our property projects through our wholly-owned subsidiaries, since 2015, we have been cooperating with third-party business partners with resources and/or local expertise in project development through jointly developed projects, including our non-wholly-owned subsidiaries, joint ventures and associated companies.

Our level of involvement and cooperation with third-party business partners in our project companies are determined on a case-by-case basis. Such business partners include property developers of various sizes, including (i) sizeable and reputable ones and smaller and local ones, (ii) listed and non-listed on stock exchanges, (iii) with different geographical coverages, including those with operation throughout the PRC and

SUMMARY

those with operation focusing in key city and provincial areas. In each of such project companies, our cooperation arrangement with the third-party business partners usually specifies our roles in the day-to-day management of the project company, the primary responsible party of the project company, the scope of our provision of management and consulting services and our profit and loss sharing arrangement.

Our Directors believe that such cooperation arrangements are in general mutually beneficial to us and our third-party business partners, in particular:

- through cooperation with third-party business partners, we are able to leverage our third-party business partners' local network, market intelligence and knowledge on local government policies and regulations for projects where such third-party business partners have relatively earlier entry, more established local presence, more number of existing projects within the city or province and better local relationship, knowledge and experience; for example, when we first expanded outside of Jiangsu province to Huzhou city, Zhejiang in 2017, we have leveraged on our business partners, such as Sunac China Holdings Limited and Black Peony (Group) Co., Ltd., which at that time had a more established operation there. Similarly, our third-party business partners are able to leverage from us in similar respects for projects in Jiangsu where we have relatively more established local presence, more number of existing projects within the city or province and better local relationship, knowledge and experience; for example, Country Garden started their second project in Changshu through a jointly developed project with us in 2016. Please see "History, Reorganization and Group Structure — Our business development" for further details;
- our third-party business partners would contribute capital for our jointly developed projects, which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allow us to take part in more property development projects and achieve risk diversification. Similarly, we also would contribute capital for these projects and believe that our third-party business partners would obtain similar benefits from the cooperations; and
- our Directors believe that such cooperations have enabled our Group and our third-party business partners to (i) share the capital commitments in connection with land acquisitions and relevant project development activities; and (ii) implement diversified land acquisition strategy whereby we and our partners can participate in more numbers of projects in different locations hence enhance our and their respective market exposures and presence and achieve risk diversification.

As advised by C&W, such cooperations are in line with the industry trend in recent years that a number of major PRC property developers, instead of solely developing a project, have recently been cooperating with a number of third-party developers, such as us, and continued to diversify their list of cooperating partners. During the Track Record Period, for the development of our jointly developed projects, we cooperated with 27, 35 and 45 third-party business partners, respectively. We cooperated with our top third-party business partner in each year during the Track Record Period (the "**Top Business Partner**") on 17, 18 and 18 property development projects, which represented approximately 52%, 38% and 29% of our total number of property development projects, respectively. We cooperated with our top three third-party business partners in each year during the Track Record Period (the "**Top Three Business Partners**") on 18, 21 and 29 property development projects in aggregate, which represented approximately 55%, 44% and 47% of our total number of property development projects, respectively. As such, our Directors consider that during and after the Track Record Period, our Group has no reliance on these cooperation arrangements with any of the Top Three Business Partners on the following basis:

- the cooperation arrangements between our Group and each of the Top Three Business Partners are in general mutually beneficial, as with other third-party business partners, for the reasons mentioned above;
- the terms of the cooperation arrangements with the Top Three Business Partners are in general mutually negotiated; and
- during the Track Record Period, the number of our third-party business has steadily increased and the proportion of our projects with the Top Business Partner has steadily decreased; as a result, we have a relatively diversified base of third-party business partners with whom we can cooperate for future jointly developed projects.

Our Directors consider that the risk of discontinuance of our cooperation arrangements with the Top Three Business Partners is remote on the following basis:

- During the Track Record Period and up to the Latest Practicable Date:
 - (i) we have maintained good relationship with the Top Three Business Partners;
 - (ii) there was no discontinuance of our cooperation arrangements with any of them;
 - (iii) there were no material disputes between our Group and any of them; and
- As of the Latest Practicable Date, majority of the property development projects with the Top Three Business Partners have commenced pre-sales and constructions.

SUMMARY

Out of all of our 49 jointly developed projects, 20 of those developed by our non-wholly-owned subsidiaries, nine of those developed by our joint ventures and seven of those developed by our associated companies had accumulated losses as of the end of the Track Record Period. Save as to one project that had been fully sold and delivered and had an accumulated losses attributable to owners of our Company of approximately RMB60,500, such other jointly developed projects had accumulated losses mainly because they were still in development stage and had not yet generated any revenue as of the end of the Track Record Period.

As of the Valuation Date, all of our jointly developed projects were located within Jiangsu and Zhejiang Provinces, save as to Mansion Grand (雍河尚院) in Henan Province and Shan Shui Shi Jian (山水拾間) in Shanghai which were developed by our non-wholly-owned subsidiaries. Please refer to “Business — Our property development projects — A. Property projects developed by our subsidiaries — 28. Mansion Grand (雍河尚院)” and “Business — Our property development projects — A. Property projects developed by our subsidiaries — 29. Shan Shui Shi Jian (山水拾間)” for further details.

Please refer to “Business — Our business model and cooperation with third-party business partners” in this prospectus for further details.

We manage our property development projects through an established and streamlined process, which typically involves the major stages of: (i) opportunity identification; (ii) land acquisition; (iii) planning and design; (iv) procurement, construction, monitoring and control; (v) sale and marketing; and (vi) inspection, delivery and after sale services. Please refer to “Business — Our project management and operation — Our project development and sales process” in this prospectus for further details. We have also adopted a diversified land acquisition strategy, including (i) the primary market through bidding in public tender, auction or listing-for sale process; and (ii) acquisition of equity interests or investments in companies that hold land use rights. Please refer to “Business — Our strengths” in this prospectus for further details.

We typically outsource the construction work of our projects to qualified third-party construction companies, which we believe would allow us to better focus on our business as a property developer. We are also required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate, taking into account the highly competitive and evolving nature of the real estate industry in China.

OUR LAND RESERVES

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 not 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 associated companies attributable to us.

The following table sets out the GFA breakdown of the total land reserve attributable to our Group by province as of the Valuation Date:

Property Projects Developed by Provinces ⁽²⁾	Number of Projects	Completed			Under Development	Future Development	Total Land Reserve Attributable to our Group ⁽¹⁾	% of Total Land Reserve Attributable to our Group
		Completed GFA available for sale	Completed GFA pre-sold but not yet delivered	Completed GFA that are leasable	GFA Under Development	Planned GFA of Future Development		
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
Jiangsu	42	72,401	173,656	12,500	3,218,159	431,896	3,908,612	71.8%
Zhejiang	8	1,400	849	—	1,122,233	—	1,124,482	20.7%
Henan	1	—	—	—	192,223	—	192,223	3.5%
Guizhou	1	—	—	—	141,012	—	141,012	2.6%
Shanghai	1	—	—	—	78,094	—	78,094	1.4%
Total	53	73,801	174,505	12,500	4,751,721	431,896	5,444,423	100.0%

Notes:

- (1) Total land reserve equals to the sum of (i) GFA available for sale, GFA pre-sold but not yet delivered and leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development.
- (2) For projects developed by our wholly-owned and non-wholly owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, GFA are adjusted by our equity interest in the respective project.

SUMMARY

The following table sets forth the breakdown of the total land reserve attributable to our Group in terms of type of properties as of the Valuation Date:

	Completed GFA available for Sale/Leasable GFA ⁽¹⁾	Planned GFA Under Development	Estimated GFA for Future Development	Total Land Reserve Attributable to our Group ⁽²⁾	% of Total Land Reserve Attributable to our Group
	(in sq.m)	(in sq.m)	(in sq.m)	(in sq.m)	
Property Projects Developed by Our Wholly-owned Subsidiaries⁽³⁾					
Residential	75,931	428,090	191,466	695,487	12.8%
Retail	28,337	3,326	3,528	35,191	0.6%
Ancillary areas and others	–	58,582	42,973	101,555	1.9%
Carpark	45,603	70,089	47,662	163,354	3.0%
Attributable total	149,871	560,087	285,629	995,587	18.3%
Property Projects Developed by Our Non-wholly-owned Subsidiaries⁽³⁾					
Residential	–	2,423,817	108,315	2,532,132	46.6%
Retail	–	47,709	2,540	50,249	0.9%
Ancillary areas and others	–	481,825	35,412	517,237	9.5%
Carpark	–	535,466	–	535,466	9.8%
Attributable total	–	3,488,817	146,267	3,635,084	66.8%
Property Projects Developed by Our Joint Ventures and Associated Companies⁽³⁾					
Residential	87,676	464,283	–	551,959	10.1%
Retail	919	7,510	–	8,429	0.2%
Ancillary areas and others	–	153,163	–	153,163	2.8%
Carpark	22,340	77,861	–	100,201	1.8%
Attributable Total	110,935	702,817	–	813,752	14.9%
Total	260,806	4,751,721	431,896	5,444,423	100.0%

Notes:

- (1) Comprised saleable GFA unsold, GFA pre-sold but not yet delivered and leasable GFA for completed projects.
- (2) Total land reserve equals to the sum of (i) completed GFA available for sale and total leasable GFA for completed properties, (ii) total planned GFA for properties under development and (iii) estimated GFA for properties held for future development.
- (3) For projects developed by our wholly-owned and non-wholly-owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, GFA are adjusted by our equity interest in the respective project.

Our Property Valuer valued our properties based on the assumption that all consents, approvals, and licenses from relevant government authorities for the developments have been obtained without onerous conditions or delays. Our Property Valuer has also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of any onerous nature which could affect their values. For details of the assumptions made in conducting its valuation, please refer to Appendix III of this prospectus.

Our Property Valuer has used the following methods in producing the relevant valuation of our properties:

- (i) for properties held for sale in the PRC, our Property Valuer has mainly used market comparison method assuming sale of each of these properties in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors;
- (ii) for properties held under development in the PRC, our Property Valuer has adopted market comparison method by making reference to comparable sales transactions as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments;

SUMMARY

- (iii) for properties held for future development in the PRC, our Property Valuer has adopted the market comparison method by making reference to comparable sales evidence as available in the relevant market, or where appropriate, we have also taken into account the expended construction costs; and
- (iv) for properties held for investment purpose in the PRC, our Property Valuer has mainly used investment method by capitalizing the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalization rates.

Our Property Valuer has valued our property interests as of the Valuation Date and is of the opinion that the aggregate market values of the property interests in the types of properties in (i), (ii), (iii) and (iv) above as of such date were RMB974.3 million, RMB19,346.0 million, RMB957.0 million and RMB170.8 million respectively and the total aggregate market value of the property interests in existing state attributable to our Group of our property interests as of such date was RMB21,448.1 million. The full text of the letter and summary disclosure of values with regard to such property interests are set forth in “Appendix III — Property Valuation”. You are advised that the appraised value of our properties may be different from their actual realizable value and are subject to change. Please refer to “Risk Factors — Risks relating to our business” and “Risk Factors — Risks relating to our industry” in this prospectus.

Suppliers and Customers

During the Track Record Period, our five largest suppliers consist of construction contractors, electricity works supply contractors, foundation contractor and decoration engineering contractor. For the three years ended December 31, 2019, purchases from our five largest suppliers, which were all Independent Third Parties, accounted for 58.8%, 30.1%, and 22.1% of our total purchases excluding land purchases in the periods, respectively, and purchases from our single largest supplier accounted for 25.2%, 10.6% and 6.6% of our total purchases excluding land purchases, respectively. As of December 31, 2019, we have approximately seven months to seven years of business relationships with our five largest suppliers during the Track Record Period.

Our customers are individual and corporate purchasers of our properties. For the three years ended December 31, 2019, revenue contributed by our five largest customers accounted for 5.4%, 4.0% and 2.5%, of our total revenue, respectively and revenue from our largest customer accounted for 1.5%, 2.5% and 1.3%, of our total revenue, respectively.

Advances from Controlling Shareholders and non-controlling interests

As an additional source to finance our projects, during the Track Record Period, we received advances from our Controlling Shareholders and non-controlling interests. Advances from Controlling Shareholders to our Group in respect of the cash flow relating to our Group’s financing activities for the three years ended December 31, 2019 amounted to RMB160.6 million, RMB116.8 million and RMB353.4 million, respectively. Whereas the advances from non-controlling interests to our Group in respect of the cash flow relating to our Group’s financing activities for the three years ended December 31, 2019 amounted to nil, RMB2,397.7 million and RMB7,771.2 million, respectively.

Working capital management

In light of the fact that our property development projects require significant initial capital outlay and have long development cycles and payback periods, we have put in place our working capital management policies to closely analyse, monitor and control the cost and budget of each project and future plans to improve our working capital during our course of business. Our Group also has further plans to improve our working capital in the future, such as strengthening our marketing efforts and further enhancing the payment collection from our customers, establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow, and optimizing the instalment schedules of payment to construction contractors and suppliers to match with the collection of our proceeds.

For further details, please refer to “Business — Working capital management” in this prospectus. Our Directors consider that with the above working capital management policies, we would be able to have sufficient working capital to fund the land acquisition and development cost of our property projects on hand.

SUMMARY

OUR STRENGTHS AND STRATEGIES

We believe the following competitive strengths are key to our many achievements and distinguish us from our competitors: (i) we are an established residential property developer rooted in the Yangtze River Delta Region in the PRC; (ii) we have established an excellent reputation and a strong brand in the cities where we have property development projects; (iii) we have established an efficient organizational structure with a well-established and streamlined process for our property development projects; (iv) we have a diversified land acquisition strategy; and (v) we have a stable, experienced and motivated senior management team.

Please refer to “Business — Our strengths” in this prospectus for further details.

Our goal is to become a major residential property developer in China. To achieve this target, we plan to implement the following strategies: (i) focus on the Yangtze River Delta Region and strategically expand into other new markets, such as the Central Region in the PRC; (ii) continue to adopt our diversified land acquisition strategy to enrich our land reserves; (iii) continue to improve our product quality and design to position our products to meet the evolving market demand and create value for our customers; (iv) continue to improve our operational and cost efficiency; and (v) attract, retain and motivate talented personnel through systemic training programs, proactive recruitment and competitive remuneration packages.

During the Track Record Period, our residential projects have been typically situated in second-tier cities and third-tier cities in the Yangtze River Delta Region with access to High Speed Rail stations. We aim to strategically expand into core districts of cities in new markets with healthy economic growth and low urbanization rate. After considering the economic development, market capacity, population growth rate and income level of different regions in Mainland China, we have decided to expand our footprint in eastern China and establish ground in the southwestern China and central China. Please refer to “Business — Our strategies” in this prospectus for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalization Issue, and without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, Huaxing, Hualian and Hualong will respectively hold 31.5%, 24.75% and 18.75% of the issued Shares. As confirmed in the Acting-in-concert Confirmation, Huaxing, Hualian, Hualong, Mr. Lui Wing Wai, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy, would be parties acting in concert (as defined under the Acting-in-concert Confirmation) and therefore, they would be entitled to exercise or control the exercise of, in aggregate, 75% of the voting power at general meetings of our Company immediately following the Listing (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme). Huaxing, Hualian, Hualong, Mr. Lui Wing Wai, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy will be regarded as a group of Controlling Shareholders after the Listing under the Listing Rules. Please refer to “History, Reorganization and Group Structure — Acting-in-concert confirmation” and “Relationship with our Controlling Shareholders and non-competition undertaking” for further details.

COMPETITIVE LANDSCAPE

The property markets in the Yangtze River Delta Region are fragmented and competitive. The major competitors in the regional markets are large national developers and local developers. According to CREIS, our Group has emerged into the top 100 developers in the PRC in 2019 in terms of sales areas and sales amount, both of which had shown a significant growth comparing with previous years. Our Group mainly focuses on the real estate markets in the Yangtze River Delta Region, where we have accumulated regional real estate market experience and reputation in the past years and has a more in-depth knowledge of the markets as compared to other developers. For further details, please refer to “Industry Overview — Competitive landscape”.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth a summary of our financial information for the three years ended December 31, 2019, and should be read in conjunction with our financial information included in the Accountant’s Report set out in Appendix I to this prospectus, including the notes thereto. The summary of our financial information has been prepared in accordance with HKFRSs. The basis of preparation is set forth in note 2.1 to the Accountant’s Report as set out in Appendix I to this prospectus.

SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	433,931	1,659,593	1,978,034
Cost of sales	(338,928)	(1,148,938)	(1,133,507)
Gross profit	95,003	510,655	844,527
Other income	27,367	69,172	77,245
Selling and marketing expenses	(18,252)	(60,965)	(212,441)
General and administrative expenses	(29,868)	(90,072)	(250,454)
Fair value gains on investment properties	19,500	6,700	15,600
Operating profit	93,750	435,490	474,477
Finance income	1,487	2,542	8,607
Finance costs	(5,804)	(37,174)	(78,623)
Finance costs, net	(4,317)	(34,632)	(70,016)
Share of results of joint ventures and associates	(16,750)	80,093	359,427
Profit before income tax	72,683	480,951	763,888
Income tax expenses	(39,852)	(148,993)	(293,824)
Profit and total comprehensive income for the years	<u>32,831</u>	<u>331,958</u>	<u>470,064</u>
Attributable to:			
Owners of the Company	31,356	354,831	668,041
Non-controlling interests	1,475	(22,873)	(197,977)
	<u>32,831</u>	<u>331,958</u>	<u>470,064</u>

Significance of the share of results of our joint ventures and associates

Throughout the Track Record Period, the share of results of our joint ventures and associates have growing significance to our consolidated financial positions. We turned around from recording a share of loss in 2017 to a share of profits in 2018 and 2019 from our joint ventures and associates primarily due to the completion of construction and delivery of properties in a number of our jointly developed projects during 2018 and 2019. Had we not been recording the share of results of our joint ventures and associates during the Track Record Period, our profit and total comprehensive income for the financial years ended December 31, 2017, 2018 and 2019 would have been RMB49.6 million, RMB251.9 million and RMB110.6 million, respectively.

Selected items of consolidated statements of comprehensive income

GFA delivered and ASP

The following table sets forth our GFA delivered and ASP for the years indicated.

	Year ended December 31,		
	2017	2018	2019
Total GFA delivered (sq.m.)	77,452.74	227,582.28	250,586.32
ASP per sq.m. (RMB)	5,603	7,292	7,894

Our GFA delivered significantly increased during the Track Record Period mainly reflected the delivery of our properties in four and three of our property projects during the respective financial year ended December 31, 2018 and 2019. Our ASP of properties sold also increased during the Track Record Period mainly attributable to (i) the overall increase in ASP of commodity residential properties in PRC; (ii) three of our major revenue contributing projects delivered in 2018 were situated in Changzhou and Changshu, while our major revenue contributing project in 2017 was situated in Yancheng, and commodity residential properties in Changzhou and Changshu generally had a higher ASP as compared to those situated in Yancheng; and (iii) our major revenue generating projects in 2019 were sold at relatively higher ASP since they comprised townhouses and some of which were delivered with fine decoration.

Revenue from contracts with customers

Our revenue during the Track Record Period derived from sales of properties, and is mainly affected by the GFA as well as the ASP of the properties delivered during the relevant period. The following table sets forth our revenue from sales of properties by types of property for the years indicated.

SUMMARY

	Years ended December 31,					
	2017		2018		2019	
	Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%
Residential	311,426	71.8	1,527,221	92.0	1,876,723	94.9
Retail and commercial ⁽¹⁾	102,344	23.6	124,758	7.5	6,933	0.3
Car parks and garage/storage	20,161	4.6	7,614	0.5	94,378	4.8
Total	433,931	100.0	1,659,593	100.0	1,978,034	100.0

Note:

(1) Our retail and commercial properties mainly comprises of retail units ancillary to various residential properties developed by us except for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units.

Our revenue increased substantially during the Track Record Period primarily due to the increases in our total GFA delivered and ASP as discussed in “GFA delivered and ASP” above. For further details, please refer to “Financial Information — Management’s discussion and analysis of results of operations — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018 — Revenue” and “— Year Ended December 31, 2018 Compared to Year Ended December 31, 2017 — Revenue”, respectively.

Residential Properties

The table below sets out the revenue from the sales of residential properties, the GFA delivered and the ASP of our residential properties by project for the years indicated.

		Year ended December 31,									
		2017			2018			2019			
		Province	City	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered
		RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	
Hua Qiao Cheng (華僑城)	Jiangsu	Yancheng	309,341	59,298.71	5,217	-	-	-	5,543	608.67	9,107
Hua Qiao Xin Cheng (華僑新城)	Jiangsu	Yancheng	-	-	-	188,542	18,583.54	10,146	691,274	69,119.46	10,001
The Hong Kong Masterpiece (新港城)	Jiangsu	Changzhou	1,399	205.59	6,803	559,793	90,459.19	6,188	4,333	611.27	7,089
Hong Kong City (香江華庭)	Jiangsu	Changshu	686	103.62	6,618	452,182	63,520.70	7,119	-	-	-
Xiang Yu Hua Ting (香語華庭)	Jiangsu	Changshu	-	-	-	326,704	44,674.98	7,313	267,109	26,885.79	9,935
Jing Shan Xiu Shui (景山秀水)	Jiangsu	Lianyungang	-	-	-	-	-	-	908,464	99,042.92	9,172
Total			311,426	59,607.92	5,225	1,527,221	217,238.41	7,030	1,876,723	196,268.11	9,562

Sales of our residential properties were our principal revenue source during the Track Record Period, accounting for 71.8%, 92.0% and 94.9% of our total revenue for the three years ended December 31, 2019, respectively.

Retail and Commercial Properties

The table below sets out the revenue from the sales of retail and commercial properties, the GFA delivered and the ASP of our retail and commercial properties by project for the years indicated.

		Year ended December 31,									
		2017			2018			2019			
		Province	City	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered
		RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	
Ganglong Shang Ceng (港龍尚層)	Jiangsu	Changzhou	5,289	893.38	5,921	11,237	2,062.51	5,448	1,051	304.10	3,456
Ganglong Bauhinia Residence (港龍紫荊城)	Jiangsu	Changzhou	8,525	857.29	9,944	-	-	-	2,874	221.14	12,996
Hua Qiao Cheng (華僑城)	Jiangsu	Yancheng	87,768	5,141.08	17,072	54,481	2,929.83	18,595	3,008	332.46	9,048
Hua Qiao Xin Cheng (華僑新城)	Jiangsu	Yancheng	-	-	-	59,040	2,485.07	23,758	-	-	-
The Hong Kong Masterpiece (新港城)	Jiangsu	Changzhou	762	130.36	5,845	-	-	-	-	-	-
Total			102,344	7,022.11	14,575	124,758	7,477.41	16,685	6,933	857.70	8,083

SUMMARY

Sales of our retail and commercial properties accounted for 23.6%, 7.5% and 0.3% of our total revenue for the three years ended December 31, 2019, respectively. Save for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units, other retail and commercial properties we sold during the Track Record Period were mainly retail units ancillary to various residential properties developed by us.

Car Parks and Garage/Storage

In order to enhance the attractiveness of our property projects, we also sold car parks and garage/storage as a supplement to sales of residential properties during the Track Record Period. Sales of our car parks and garage/storage in aggregate accounted for 4.6%, 0.5% and 4.8% of our total revenue for the three years ended December 31, 2019, respectively.

Number of property projects delivered

During the Track Record Period, we derived our revenue from the delivery of properties in six, seven and eight property projects, all of which were developed by our wholly-owned subsidiaries.

Cost of Sales

Our cost of sales represents the costs we incur directly for our sales of properties, which comprised construction costs, land costs and capitalized interest. For the three years ended December 31, 2019, our cost of sales was RMB338.9 million, RMB1,148.9 million and RMB1,133.5 million, respectively.

The table below sets forth a breakdown of our cost of sales and as percentage of total cost of sales for the years indicated.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Construction costs	258,589	76.3	912,960	79.5	810,180	71.5
Land costs	80,179	23.7	235,978	20.5	313,378	27.6
Capitalized interest ^(Note)	160	-	-	-	9,949	0.9
Total	338,928	100.0	1,148,938	100.0	1,133,507	100.0

Note: We capitalize a portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. We only have limited finance cost capitalized in our cost of sales during the Track Record Period as the development of our major revenue generating projects during such period were primarily financed by financial resources which were not interest-bearing such as pre-sale proceeds and advances from our controlling shareholders and with only limited use of interest-bearing bank and other borrowings. For further details, please refer to "Financial Information — Description of certain major components of our consolidated statements of comprehensive income — Cost of sales — Capitalized interest".

The following table sets forth certain data about our cost of properties sold for the years indicated.

	Year ended December 31,		
	2017	2018	2019
Average cost per sq.m. sold (RMB)	4,376	5,049	4,523
Average cost as % of ASP	78.1%	69.2%	57.3%
Average land costs per sq.m. sold (RMB)	1,035	1,037	1,251
Average land costs as % of ASP	18.5%	14.2%	15.8%

SUMMARY

Gross profit and gross profit margin

Our gross profit for the three years ended December 31, 2019 was RMB95.0 million, RMB510.7 million and RMB844.5 million, respectively. Our gross profit margin for the three years ended December 31, 2019 was 21.9%, 30.8% and 42.7% respectively.

The following table sets forth our gross profit and gross profit margin of sales of properties by type of properties for the years indicated.

	Year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Residential	56,357	18.1	438,737	28.7	787,597	42.0
Retail and commercial ⁽¹⁾	32,428	31.7	70,199	56.3	464	6.7
Car parks and garage/storage	6,218	30.8	1,719	22.6	56,466	59.8
Total	95,003	21.9	510,655	30.8	844,527	42.7

Note:

(1) Our retail and commercial properties mainly comprises of retail units ancillary to various residential properties developed by us except for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units.

Our gross profit margin increased during the Track Record Period mainly attributable to (i) the increase in our ASP of properties delivered in each financial year during the Track Record Period as discussed in “Selected items of consolidated statements of comprehensive income — GFA delivered and ASP” in this section; (ii) relatively low land costs of our properties delivered during the Track Record Period as they were developed on lands acquired in earlier years prior to the price hike of average land costs in the PRC in 2016; and (iii) our properties delivered in two major revenue generating projects during the financial year ended December 31, 2019 entailed relatively higher profit margins as they comprised townhouses and some of which were delivered with fine decoration. For further details, please refer to “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — Gross profit and gross profit margin”.

Other income

Our other income increased significantly during the Track Record Period, primarily due to (i) the recognition of management and consulting services income in relation to the property development projects we developed through certain of our joint ventures and associates in 2018; and (ii) the increase in interest income from associates, joint ventures and other third parties mainly attributable to the increase in interest income from a deemed advance to an Independent Third Party which commenced in July 2017 and recorded full year of interest income in 2018. For further details of such deemed advance, please refer to “Business — Our business model and cooperation with third-party business partners — Termination of cooperation with certain third-party business partners”.

General and administrative expenses

General and administrative expenses primarily consist of, among others, employee benefit expenses in connection with administrative staff, entertainment and meeting expenses, management and consulting services fee and others. The significant increase in our general and administrative expenses during the Track Record Period was primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of the increase in monthly average headcount of administrative staff in 2018 and 2019 so as to cope with the expansion of our operations; and (ii) the recognition of listing expenses in 2018 and 2019. In addition, we incurred RMB35.1 million management and consulting services fee for management services rendered primarily by our non-controlling shareholders to our non-wholly owned subsidiaries with respect to, among others, strategic development and project. For further details, please refer to “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — General and administrative expenses”.

Finance costs

For the three years ended December 31, 2019, we recorded finance costs of RMB5.8 million, RMB37.2 million and RMB78.6 million, respectively. Our financial costs are expected to increase significantly going forward as a result of our increased borrowings in 2019.

SUMMARY

Share of profit/loss from joint ventures and associates and the related accounting treatment

For the year ended December 31, 2017, we recorded share of losses of joint ventures and associates of RMB16.8 million. For the years ended December 31, 2018 and 2019, we recorded share of profits of joint ventures and associates of RMB80.1 million and RMB359.4 million, respectively. Our share of such profits or losses is accounted for as “share of results of joint ventures and associates” in our consolidated statements of comprehensive income. For further details and the relevant accounting treatment of our investment in a subsidiary, a joint venture or an associate, please refer to “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — Share of results of joint ventures and associates ” in this prospectus.

Profit and total comprehensive income

Our profit and total comprehensive income for the three years ended December 31, 2019 was RMB32.8 million, RMB332.0 million and RMB470.1 million, respectively.

Our profit and total comprehensive income during the Track Record Period increased mainly reflected (i) our significant revenue growth and improvement in gross profit margin; (ii) the increase in our share of profit of the joint ventures and associates, which was mainly attributable to the completion of construction and delivery of properties in a number of our jointly developed projects; and partially offset by the significant increases in our selling and marketing expenses, general and administrative expenses, and finance costs to cope with the expansion of our operation and increase in number of development projects during the Track Record Period. For further details, please refer to “— Description of certain major components of our consolidated statements of comprehensive income — Selling and marketing expenses” and “— General and administrative expenses” and “— Finance costs, net” and “— Share of results of joint ventures and associates”. Coupled with the significant increase in our revenue as mentioned above, our profit and total comprehensive income experienced substantial growth during the Track Record Period.

Impacts on our financial performance in relation to our cooperation with third party business partners

During the Track Record Period, we have developed property projects jointly with third party business partners through either our non-wholly-owned subsidiaries or through our joint ventures and associates. Attributable to the increase in number of projects jointly developed with third party business partners during the Track Record Period, we recorded in our consolidated financial statements increases in (i) share of results of joint ventures and associates; (ii) finance costs on amount due to our non-controlling shareholders and our joint ventures and associates; (iii) management and consulting service income for our management and consulting services rendered to our joint ventures and associates; (iv) management and consulting service fee to certain non-controlling shareholders for management and consulting services rendered to our non-wholly owned subsidiaries; and (v) certain marketing and advertising expenses incurred by certain jointly developed projects developed by our non-wholly owned subsidiaries, which individually or in the aggregate have an impact on our financial performance as a whole.

Non-HKFRS measure

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also presented the adjusted net profit as non-HKFRS measure.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of Listing expenses which is considered not indicative for evaluation of the actual performance of our business. We believe that such non-HKFRS measure provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth our adjusted net profit for the years indicated:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit for the year	32,831	331,958	470,064
Add: Listing expenses	—	10,718	10,103
Adjusted net profit for the year	<u>32,831</u>	<u>342,676</u>	<u>480,167</u>

SUMMARY

Selected items of consolidated statements of financial position

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2017	2018	2019	April 30,
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Total Current Assets	4,874,287	8,530,839	21,431,324	26,768,112
Total Current Liabilities	4,770,236	8,123,491	19,431,818	21,687,979
Net Current Assets	104,051	407,348	1,999,506	5,080,133
Net Assets	<u>321,383</u>	<u>701,173</u>	<u>1,653,354</u>	<u>2,271,999</u>

As of April 30, 2020, our net current assets increased to RMB5,080.1 million, primarily due to the increase in the non-current bank and other borrowings of RMB2,648.2 million we obtained during the four months ended April 30, 2020 which were mainly used for our property development activities as reflected in the increase in our properties under development during the same period. For further details, please refer to “Financial Information — Liquidity and capital resources — Net current assets” in this prospectus for further details.

Bank and other borrowings

As of December 31, 2017, 2018 and 2019, our outstanding bank and other borrowings amounted to RMB317.5 million, RMB856.1 million and RMB2,853.3 million, respectively.

Contract liabilities

As of December 31, 2017, 2018, and 2019, our contract liabilities amounted to RMB2,526.6 million, RMB3,653.8 million and RMB8,416.2 million, respectively. Our contract liabilities as of December 31, 2019 is expected to be recognized as revenue upon the delivery of relevant properties amounting to RMB3,678.1 million and RMB4,738.1 million for the year ending December 31, 2020 and thereafter, respectively. As of the Latest Practicable Date, RMB1,627.1 million of our contract liabilities as of December 31, 2019 have been subsequently recognized as revenue.

Accumulated losses as of January 1 and December 31, 2017

Accumulated losses attributable to owners of our Company amounted to RMB35.0 million as of January 1, 2017 (i.e. at the beginning of the Track Record Period), which was mainly a result of (i) accumulated losses of The Hong Kong Masterpiece (新港城) of RMB47.0 million as of January 1, 2017 mainly attributable to decrease in market prices of residential properties in Changzhou during our pre-sale in 2013 and 2014 that resulted in our loss incurred from the delivery of certain properties in phase I of such development project in 2015 and 2016; (ii) accumulated losses of Ganglong Bauhinia Residence (港龍紫荆城) of RMB6.2 million as of January 1, 2017, which was mainly due to relatively lower ASP of the properties delivered, and additional selling and marketing expenses incurred during the pre-sale and promotion of such project, that located in the Wujin district of Changzhou, where the vicinity and surrounding facilities were still under development, such that our revenue did not fully cover our costs and expenses incurred in such development project; (iii) accumulated losses of Xiang Yu Hua Ting (香語華庭) and Jing Shan Xiu Shui (景山秀水) of RMB6.9 million as of January 1, 2017, as we only started to recognize revenue from delivery of properties of such projects in 2018 and 2019 respectively. The impact of accumulated losses from such projects were partially offset by our accumulated profits from other property development projects as of January 1, 2017.

As of December 31, 2017, accumulated losses attributable to owners of our Company reduced to RMB25.7 million, primarily attributable to profit and total comprehensive income attributable to owners of our Company amounted to RMB31.4 million for the year ended December 31, 2017, and partially offset by (i) the transfer of RMB15.4 million of retained earnings to statutory reserve in accordance with the relevant PRC regulations and (ii) RMB6.7 million dividends declared and paid to the then equity holders of companies now comprising our Group during 2017.

SUMMARY

Summary of consolidated statements of cash flows

The following table sets forth a summary of our consolidated statements of cash flows for the years indicated.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Operating profit before working capital change	51,407	383,121	447,572
Change in working capital	66,796	(850,515)	(6,994,995)
Income tax paid	(42,319)	(158,933)	(208,608)
Net cash generated from/(used in) operating activities	75,884	(626,327)	(6,756,031)
Net cash (used in)/generated from investing activities	(1,308,683)	(524,822)	491,445
Net cash generated from financing activities ^(Note)	1,055,508	1,607,698	6,694,050
Net (decrease)/increase in cash and cash equivalents	(177,291)	456,549	429,464
Cash and cash equivalents at the beginning of years	343,495	166,204	622,753
Cash and cash equivalents at the end of years	166,204	622,753	1,052,217

Note: It included the amount of interest paid of RMB11.7 million, RMB42.2 million and RMB185.8 million for the three years ended December 31, 2017, respectively.

For the year ended December 31, 2018, our net cash used in operating activities was RMB626.3 million, which was the result of cash used in operations of RMB467.4 million and income tax paid of RMB158.9 million. Net cash used in operations in 2018 was primarily attributable to the profit before income tax of RMB481.0 million, adjusted mainly by the following items: (i) increase in properties under development and completed properties held for sale of RMB2,171.6 million primarily due to an increase in property development activities; (ii) increase in restricted cash of RMB189.0 million, and partially offset by (iii) increase in contract liabilities of RMB1,127.1 million; and (iv) increase in trade and other receivables and prepayment of RMB210.0 million.

For the year ended December 31, 2019, our net cash used in operating activities was RMB6,756.0 million, which was the result of cash used in operations of RMB6,547.4 million and income tax paid of RMB208.6 million. Net cash used in operations in 2019 was primarily attributable to the profit before income tax of RMB763.9 million, adjusted mainly by the following items: (i) increase in properties under development and completed properties held for sale of RMB11,203.1 million primarily due to an increase in property development activities; (ii) increase in restricted cash of RMB1,195.5 million; (iii) increase in trade and other receivables and prepayments of RMB341.3 million, and partially offset by (iv) increase in contract liabilities of RMB4,762.4 million and (v) increase in trade payables, bills payables and other payables of RMB1,028.5 million.

Please refer to “Financial Information — Liquidity and capital resources — Cash flows analysis” in this prospectus for further details.

Going forward, to improve our cash flow position in operating activities:

- (a) 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;
- (b) as part of our cost and budget management for each project mentioned above, we will continue to plan and monitor our cash outflow by enhancing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities; and
- (c) we intend to minimize our working capital required for a project by optimizing the installment schedules of payment to construction contractors and suppliers to match with the collection of our proceeds through negotiation and the establishment of strategic relationships. Although we typically settle our payment obligations to construction contractors by instalments in accordance with construction progress which is in line with industry practice, we would negotiate payment terms with construction contractors and suppliers to allow our Group to have longer payment and settlement periods.

SUMMARY

Please refer to “Financial Information — Liquidity and capital resources — Cash flow” and “Risk Factors — Risks relating to our business — We may not have adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all” in this prospectus for further details.

KEY FINANCIAL RATIOS

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

	Years ended December 31,		
	2017	2018	2019
Net profit margin (%) ⁽¹⁾	7.6	20.0	23.8
Return on total assets (%) ⁽²⁾	0.9	4.5	2.9
Return on equity (%) ⁽³⁾	10.6	64.9	39.9
	As of December 31,		
	2017	2018	2019
Current ratio (times) ⁽⁴⁾	1.0	1.1	1.1
Gearing ratio (%) ⁽⁵⁾	98.8	122.1	172.6
Net debt to equity ratio (%) ⁽⁶⁾	37.7	2.0	20.6
Interest coverage ratio (times) ⁽⁷⁾	7.6	5.8	2.1

Notes:

1. Equals to net profit for the year divided by revenue of the respective year/period and multiplied by 100%.
2. Equals to net profit for the year divided by the average of the beginning and ending total assets of the same year and multiplied by 100%.
3. Equals to net profit for the year divided by the average of the beginning and ending total equity of the same year and multiplied by 100%.
4. Equals to current assets divided by current liabilities as of the end of the respective year.
5. Equals to total debt divided by total equity as of the end of the respective year and multiplied by 100%. Total debt refers to our borrowings as of the respective dates.
6. Equals to total debt less restricted cash, pledged the deposits and cash and cash equivalents as a percentage of total equity as of the end of the respective year and multiplied by 100%. Total debt refers to our borrowings as of the respective dates.
7. Equals to profit before income tax, adding net finance costs which does not include capitalized interest divided by interest on interest-bearing borrowings which include capitalized interest for the respective year.

Gearing ratio

Our gearing ratio was 98.8%, 122.1% and 172.6% as of December 31, 2017, 2018 and 2019, respectively. The significant increase in our gearing ratio during the Track Record Period was attributable to the increase in our bank and other borrowings to finance our operations.

Effective interest rates

The following table sets for the weighted average effective interest rates on our bank and other borrowings as of the date indicated.

	As of December 31,		
	2017	2018	2019
Bank borrowings	6.2%	7.5%	7.7%
Other borrowings	11.0%	11.2%	10.8%
Weighted average effective interest rates	<u>6.3%</u>	<u>8.0%</u>	<u>8.8%</u>

SUMMARY

GLOBAL OFFER STATISTICS

	Based on an Offer Price of HK\$3.24 per Share, after Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK\$3.60 per Share	Based on an Offer Price of HK\$4.10 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$5,184.0 million	HK\$5,760.0 million	HK\$6,560.0 million
Unaudited pro forma adjusted net tangible asset value per Share ⁽²⁾ .	HK\$1.62	HK\$1.69	HK\$1.81

Notes:

- (1) The calculation of the market capitalization is based on the assumption that 1,600,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised.*
- (2) The unaudited pro forma adjusted consolidated net tangible assets attributable to the equity holders of our Company per Share in the above table is calculated after the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” in this prospectus and on the basis of 1,600,000,000 Shares in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering, and adopting an exchange rate of RMB1.0000 to HK\$1.0930. It does not take into account any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme and any Shares which may be issued or repurchased pursuant to our general mandates.*

DIVIDEND

For the three years ended December 31, 2019, certain subsidiaries of our Group declared and paid dividend of RMB6.7 million, RMB92.0 million and nil, respectively, to their then equity holders. As of the Latest Practicable Date, no dividend has been declared or paid by our Company since its incorporation.

We do not have any predetermined dividend pay out ratio. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the declaration and payment of future dividends will be subject to the discretion of our Board having regard to various factors, including our operation and financial performance, profitability, business development, prospects, capital conditions that our Directors deem relevant. In addition, a decision to declare and pay any dividends would require the approval of our Shareholders in the Shareholders’ meeting. The declaration and/or payment of dividends may also be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future.

For further details on the timing, amount and form of future dividends, if any, our Company’s ability to pay cash dividends and, the factors affecting the payment of dividends, please refer to “Financial Information — Dividend” in this prospectus.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$3.85 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be HK\$1,432.2 million, after deduction of underwriting fees and commissions and estimated expenses payable in connection with the Global Offering and assuming the Over-allotment Option is not exercised, and no Shares are issued pursuant to any options which may be granted under the Share Option Scheme. We intend to use the net proceeds of the Global Offering for the following purposes:

- HK\$859.3 million, representing 60.0% of the net proceeds, will be used to fund land costs of potential development projects;
- HK\$429.7 million, representing 30.0% of the net proceeds, will be used as the construction costs for the development of our existing projects, namely, Jiangnan Taoyuan (江南桃源), Shan Shui Shi Jian (山水拾間), Ganglong Lakeside Mansion (港龍·湖光龍樾), Nature Image (泊翠瀾境), Jun Wang Mei Ting (君望美庭) and Ganglong Capital (港龍首府). Please refer to “Business — Our property development projects” and “Summary — Recent developments” in this prospectus for further details; and
- HK\$143.2 million, representing 10.0% of the net proceeds will be used for general working capital purposes.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed “Risk Factors” and are summarized below.

SUMMARY

There are certain risks 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 the PRC and (iv) risks relating to the Global Offering. The significant risks include: (a) we may not have adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all; (b) our business and prospects are heavily dependent on the economic conditions in the PRC and may be adversely affected by the performance of the PRC property markets, particularly in Changzhou, various major cities in the Yangtze River Delta Region and other cities we operate and intend to operate; and (c) we may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices, which may affect our business, financial condition, results of operations and prospects.

These risks are not the only significant risks that may affect the value of our Shares. For further details, please refer to “Risk Factors” in this prospectus and you should read the whole section carefully before you decide to invest in the Offer Shares.

FATAL ACCIDENT

During the Track Record Period, one of the construction companies engaged by us encountered an incident while constructing our project that resulted in fatality of one construction worker. Such construction company has confirmed that it bore all the responsibilities and had settled all liabilities in relation to such incident. Our Directors confirm that such incident did not cause any material adverse effect on our operations. Our Directors further confirm that there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group. Please refer to “Business — Our project management and operation — Procurement, construction, monitoring and control — Quality control” in this prospectus for further details.

LEGAL PROCEEDINGS

We have been involved in legal proceedings or disputes from time to time in the ordinary course of business. 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.

HISTORICAL NON-COMPLIANCE

During the Track Record Period, we did not comply with certain applicable laws and regulations, namely (i) failure to make adequate social security insurance and housing provident fund contributions; (ii) failure to timely open accounts for social security insurance and housing provident fund; (iii) delivery of units before passing the completion and acceptance inspections; (iv) change in use of RMB converted from the foreign currency-denominated capital without approval; and (v) commencement of construction before completing administrative procedures and/or obtaining relevant requisite permits.

As advised by our PRC Legal Adviser, our Directors confirm that, save as disclosed, during the Track Record Period, our Group were in compliance in all material respects with all applicable PRC laws and regulations. For further details, please refer to “Business — Compliance with laws and regulations” in this prospectus.

LISTING EXPENSES

Listing expenses consist primarily of underwriting commissions and professional fees incurred in connection with the Global Offering. Our total listing expenses is estimated to be RMB98.6 million, of which RMB66.3 million is directly attributable to the issue of new Shares in connection with the Global Offering and to be accounted for as a deduction from the equity, and the remaining amount of RMB32.3 million has been or will be reflected in our consolidated statements of comprehensive income. Listing expenses of RMB10.7 million and RMB10.1 million in relation to services performed by relevant parties were reflected in our consolidated statements of comprehensive income for the years ended December 31, 2018 and 2019, respectively, and additional listing expenses of RMB11.5 million are expected to be recognized in our consolidated statements of comprehensive income subsequent to the Track Record Period.

RECENT DEVELOPMENTS

Our Directors confirm that our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business model and the general economic and regulatory environment in which we operate, save for “Impact of outbreak of COVID-19” disclosed below.

SUMMARY

Subsequent to the Valuation Date and up to the Latest Practicable Date, we:

- acquired a new parcel of land in Anhui Province in May, 2020 with a total site area of 33,928 sq.m. at a consideration of RMB120.0 million through an auction;
- commenced construction of Taoyuan Li (桃源里), Nature Image (泊翠瀾境), Chun Xi Ji (春溪集) and Ganglong Lakeside Mansion (港龍•湖光瀾樾) which are expected to complete in or around August 2022, June 2022, January 2024 and January 2023 respectively;
- commenced the pre-sales of Taoyuan Li (桃源里), Xi Yue (熙悦), Hanlin Fu Huayuan (翰林府花園), Chun Xi Ji (春溪集), Jun Wang Mei Ting (君望美庭) and River of Mansion (時光泊月園);
- completed construction of Xiang Yu Hua Ting (香語華庭) and Elegant Mansion (觀棠花園);
- entered into a cooperative agreement with other third-party business partners, who are all Independent Third Parties, in respect of the development of Nature Image (泊翠瀾境) in Haimen City, Jiangsu Province through a project company. Please refer to “Business — Our property development projects — 14. Nature Image (泊翠瀾境)” for further details; and
- entered into two joint venture cooperative agreements, in respect of two parcels of land successfully bid or acquired in Anhui and Jiangsu Provinces with a total site area of 61,136 sq.m. attributable to our Group, with other third-party business partners, who are all Independent Third Parties, in May, 2020 and June, 2020, respectively.

Based on the unaudited management accounts and operating data for the four months ended April 30, 2020, the GFA pre-sold, pre-sale proceeds received, GFA delivered and revenue recognized by our Group, as compared to the same period in 2019, are as follows:

	For the four months ended April 30,	
	2019	2020
GFA pre-sold	77,728 sq.m.	261,050 sq.m.
Pre-sale proceeds received	RMB653.2 million	RMB3,802.9 million
GFA delivered	28,548 sq.m.	124,935 sq.m.
Revenue recognized	RMB276.6 million	RMB1,247.2 million

After the Track Record Period and up to the Latest Practicable Date, we entered into six additional bank loan agreements with an aggregate principal amount of approximately RMB2,412.0 million and we also entered into three additional trust financing arrangements at interest rates of 12% to 14% per annum with an aggregate principal amount of approximately RMB1,500.0 million. For further details, please refer to “Business — Project financing — Trust financing arrangements” in this prospectus. As of April 30, 2020, being the latest practicable date for the purpose of indebtedness statement, our gearing ratio was approximately 251.2%. Taking into account the estimated proceeds we receive from the Global Offering, we expected our gearing ratio upon Listing will be approximately 155.7%.

Impact of outbreak of COVID-19

The outbreak of COVID-19 in the PRC was first reported at the end of 2019 in the Hubei Province and has subsequently spread across the country. As a result of this outbreak, many business entities in Yangtze River Delta Region and other areas in China were generally required by the relevant PRC authorities to suspend their operations until February 10, 2020. According to the National Bureau of Statistics of China, as of March 25, 2020, approximately 96.6% of large and medium sized enterprises has resumed operation.

According to the Industry Report, in the first four months of 2020, for second-tier cities in the PRC, the sales area and sales amount of commodity residential properties decreased by 26.4% and 14.0% respectively, whereas the ASP of commodity residential properties increased by 5.6%, as compared to the same period of 2019 and as to third-tier cities in the PRC, the sales area and sales amount of residential properties decreased by 26.0% and 22.8% respectively, whereas the ASP of commodity residential properties increased by 5.1% as compared to the same period of 2019. Nevertheless, as mentioned in “Industry Overview — Outlook of the economy and the property market of the PRC”, it is believed that the outbreak would only cause a short-term impact on the China’s macro-economy and real estate market in 2020, but would not materially and adversely affect the fundamentals of China’s macro-economy in the intermediate to long term as the PRC government has implemented various policies to mitigate the impact of COVID-19 and a number of important economic indicators for the macro-economy and real estate market of China have showed signs of picking up since April 2020 and bounced back to the same or similar level to that of April 2019 and China’s economy will be able to maintain a relatively stable development trend throughout the year such that the abovementioned double-digit

SUMMARY

drop in the sales area and sales amount of commodity residential properties in second-tier and third tier cities in the first four months of 2020 will be partially offset by recovery in the following months of 2020. Please refer to the section headed “Industry Overview — Outlook of the economy and the property market of the PRC” for further details. Accordingly, it is anticipated that the sales area and sales amount of commodity residential properties in second-tier cities in the PRC for the year 2020 would only decrease by 6.0% to 9.0% and 2.0% to 5.0% respectively, whereas the ASP is anticipated to increase by 4.0% to 6.0%, as compared to that of 2019 and the sales area and sales amount of commodity residential properties in third-tier cities in the PRC are anticipated to decrease by 6.0% to 9.0% and no less than 4.0% respectively, whereas the ASP is anticipated to increase by 2.0% to 4.0%, as compared to that of 2019.

The ASP of commodity residential properties is expected to increase in the second half of 2020 mainly supported by (i) the PRC government has taken various incentive policies to boost the economy such as lowering taxes, increasing the amount of currency issued and lowering interest rates, which will reduce the borrowing costs of both property developers and homebuyers and also improve the profitability of corporate entities; and (ii) continuing urbanization in the PRC that provides the fundamental demand for residential properties for both first-timer buyers and upgraders. For further information on the impact of outbreak of COVID-19 and the relevant risks, please refer to “Business — COVID-19 outbreak”, “Industry Overview — Outlook of the economy and the property market of the PRC” and “Risk Factors — Natural disasters, acts of war, occurrence of epidemics, such as COVID-19, and other disasters could affect our business and the national and regional economics in the PRC”.

During the COVID-19 pandemic, we have continued to manage our working capital efficiently through our working capital management policies and continue to utilize our Group’s available financial resources including proceeds from sales and pre-sales of our property projects and draw down of our banking facilities and other borrowings, and optimized our payment schedule to contractors through negotiation based on the latest construction progress, such that our Directors consider that our Group had maintained sufficient working capital for our operation during such period. For the three months ended March 31, 2020, we received sales and pre-sale proceeds of approximately RMB2,558.2 million and proceeds from bank and other borrowings of approximately RMB2,503.7 million to finance our operations, and recorded a net increase in our working capital. Please refer to “Business — COVID-19 outbreak — (b) Impact on our financial condition” for further details.

Our Directors conducted a worst case scenario analysis (the “**Worst Case Scenario Analysis**”) that in the event the outbreak further prolongs such that our business is suspended and all transactions with our customers and suppliers are suspended. Based on such analysis, our Directors estimate that our Group will still be financially viable for around eight months from the Latest Practicable Date, taking into account our latest cash and cash equivalents and 10% of the net proceeds from the Global Offering (being the portion assigned for general working capital purpose), and based on the key assumptions that: (i) we will not receive cash from sales and pre-sales of properties due to suspension of businesses; (ii) we will not incur construction related costs due to the suspension of works; (iii) we will continue to incur minimal selling and marketing expenses and general administrative expenses, (iv) there will not be additional internal or external funding including advance from shareholders, advance from non-controlling shareholders or bank and other borrowings; and (v) we will continue to settle our payables when they fall due.

Having considered that (i) the abovementioned factors; (ii) only a few number of our projects are expected to be affected in short term with project schedules delayed from one month to three months, except for the completion date of one project by five months, (iii) according to the Industry Report, it is believed that the double-digit drop in the sales area and sales amount of commodity residential properties in the first four months of 2020 will be partially offset by recovery in the following months of 2020 as substantially all of the large and medium sized enterprises has resumed operation and the fundamentals of China’s macro-economy have not been materially and adversely affected in the long term, (iv) the outbreak has caused minimal impact to our employees, customers and supply chain and we have adopted enhanced hygiene and preventive measures to prevent and limit any spread of COVID-19, (v) the Worst Case Scenario Analysis, (vi) we have not encountered material adverse impact on our overall sales as a whole, as the pre-sale, delivery and construction of all of our property projects had been resumed as of the Latest Practicable Date and only approximately RMB958 million, representing less than 6% of our estimated cash receipts from sales or pre-sales of properties in 2020, will be delayed from 2020 to 2021 and (vii) although our contracted sales decreased by 12.7%, the contracted sales attributable to our Group increased by 80.2% for the three months ended March 31, 2020 as compared to the same period in 2019, our Directors consider that as of the Latest Practicable Date, the outbreak had caused no material adverse impact to our overall business operation and financial condition.

SUMMARY

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2019, being the date on which our latest audited consolidated financial information were prepared, and there is no event since December 31, 2019 which would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Acting-in-concert Confirmation”	the acting-in-concert confirmation entered among Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Hualian, Hualong and Huaxing on November 29, 2018
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Anhui Ganglong”	安徽港龍置業有限公司 (Anhui Ganglong Property Co., Ltd.*), a company incorporated in the PRC with limited liability on April 28, 2020, and an indirect wholly-owned subsidiary of our Company
“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, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on June 20, 2020 with effect from Listing, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“the BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of 1,199,999,000 new Shares by way of the capitalization of certain sums standing to the credit of the share premium account of our Company to the holders of Shares whose names appear on the register of members of our Company at the close of business on the business day preceding the Listing Date in proportion to their then existing respective shareholdings in our Company as referred to in the section headed “Share Capital — Capitalization Issue” of this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time

DEFINITIONS

“CBRC”	China Banking and Insurance Regulatory Committee (中國銀行保險監督管理委員會), former China Banking Regulatory Commission (中國銀行業監督管理委員會) and China Insurance Regulatory Commission (中國保險監督委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central Region”	economic region which covers Henan Province, Hubei Province, Hunan Province and Anhui Province of the PRC, for the purpose of this prospectus
“CEO”	Chief Executive Officer
“Changshu Ganghua”	常熟港華置業有限公司 (Changshu Ganghua Property Co., Ltd.*), a company established in the PRC with limited liability on January 4, 2016 and an indirect wholly-owned subsidiary of our Company
“Changzhou Gangjia”	常州港嘉置業有限公司 (Changzhou Gangjia Property Co., Ltd.*), a company established in the PRC with limited liability on August 6, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Changzhou Ganglian”	常州港聯置業有限公司 (Changzhou Ganglian Property Co., Ltd.*), a company established in the PRC with limited liability on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
“Changzhou Jiachang”	常州嘉昌置業有限公司 (Changzhou Jiachang Property Co., Ltd.*), a company established in the PRC with limited liability on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
“Changzhou Kaiyang”	常州市凱陽置業有限公司 (Changzhou Kaiyang Property Co., Ltd.*), a company established in the PRC with limited liability on April 30, 2019 and an indirect non-wholly-owned subsidiary of our Company

DEFINITIONS

“Changzhou Mudan”	常州牡丹君港置業有限公司 (Changzhou Mudan Jungang Real Estate Co., Ltd.*), a company established in the PRC with limited liability on January 19, 2018 and an associate (as defined under HKFRSs) of our Group
“Changzhou Quanjia”	常州全嘉置業有限公司(Changzhou Quanjia Property Co., Ltd.*), a company established in the PRC with limited liability on April 15, 2019 and an indirect wholly-owned subsidiary of our Company
“China” or “PRC” or “Mainland China”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“commercial property(ies)”	the commercial properties developed by our Group, of which predominantly are retail units, except Ganglong Shang Ceng (港龍尚層), which mainly comprises of office units
“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”, “our Company”, “the Company”, “we” or “us”	Ganglong China Property Group Limited 港龍中國地產集團有限公司, an exempted company with limited liability incorporated in the Cayman Islands on October 8, 2018
“Controlling Shareholder(s)”	the group of controlling shareholders (having the meaning ascribed thereto under the Listing Rules) of our Company, namely Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong, and where the context requires, including Mr. Lui Man Wai
“COVID-19”	coronavirus disease 2019
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“C&W” or “Property Valuer”	Cushman & Wakefield Limited, the independent market consultant and the independent property valuer of our Company (as the case may be)

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated June 20, 2020 and executed by the Controlling Shareholders (namely, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong) in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed “Appendix V — Statutory and General Information — E. Other Information — 1. Tax and other indemnities”
“Deed of Non-competition”	the non-compete undertaking dated June 20, 2020 and executed by our Controlling Shareholders (namely, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong) in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed “Relationship with our Controlling Shareholders and non-competition undertaking — Deed of Non-competition”
“Director(s)”	the director(s) of our Company
“Dongtai Jinteng”	東台錦騰置業有限公司 (Dongtai Jinteng Property Co., Ltd.*), a company incorporated in the PRC with limited liability on November 5, 2019, and an indirect non-wholly-owned subsidiary of our Company
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the low end of the indicative Offer Price range
“EIT”	《中國人民共和國企業所得稅法》(the PRC Enterprise Income Tax)
“EPS”	earnings per Share
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
“GAAP”	generally accepted accounting principles
“Ganglong (China)”	港龍(中國)地產集團有限公司 (Ganglong (China) Realty Group Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability on January 23, 2019 and an indirect wholly-owned subsidiary of our Company
“Ganglong HK”	Ganglong Development Group Limited 港龍發展集團有限公司, a company incorporated in Hong Kong with limited liability on October 19, 2018 and an indirect wholly-owned subsidiary of our Company
“Ganglong Huayang”	江蘇港龍華揚置業有限公司 (Jiangsu Ganglong Huayang Property Co., Ltd.*), a company established in the PRC with limited liability on November 20, 2012 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Ganglong Huayang Equity Transfer Agreement”	the equity interest transfer agreement dated November 8, 2018 entered into between Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai (as transferors) and Ganglong HK (as transferee) in relation to the transfer of their respective 25.85%, 20.31%, 15.38%, 9.33%, 12.98% and 16.15% equity interests in Ganglong Huayang to Ganglong HK for considerations of US\$6,720,000, US\$5,280,000, US\$4,000,000, US\$0, US\$0 and US\$0 respectively
“Ganglong Mingyang”	江蘇港龍名揚置業有限公司 (Jiangsu Ganglong Mingyang Property Co., Ltd.*), a company established in the PRC with limited liability on February 9, 2010 and an indirect wholly-owned subsidiary of our Company
“Ganglong Mingyang Equity Transfer Agreement”	the equity interest transfer agreement dated November 8, 2018 entered into between Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling (as transferors) and Ganglong HK (as transferee) in relation to the transfer of their respective 28%, 22.5% and 16.17% equity interests in Ganglong Mingyang to Ganglong HK for considerations of US\$1,400,000, US\$1,125,000 and US\$808,333 respectively
“Ganglong Realty”	江蘇港龍地產集團有限公司 (Jiangsu Ganglong Realty Group Co., Ltd.*), a company established in the PRC with limited liability on August 13, 2007 and an indirect wholly-owned subsidiary of our Company
“Ganglong Realty Equity Transfer Agreement”	the equity interest transfer agreement dated November 8, 2018 entered into between Mr. Lui Jin Ling, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Man Wai (as transferors) and Ganglong HK (as transferee) in relation to the transfer of their respective 25.42%, 20.69%, 15.03%, 18.48% and 20.38% equity interests in Ganglong Realty to Ganglong HK for considerations of US\$5,337,330.96, US\$4,344,790.33, US\$3,156,343.49, US\$3,879,969.61 and US\$4,281,565.61 respectively
“Ganglong Zhongyang”	江蘇港龍中揚置業有限公司 (Jiangsu Ganglong Zhongyang Property Co., Ltd.*), a company established in the PRC with limited liability on April 10, 2018 and an indirect wholly-owned subsidiary of our Company
“Gangrui Enterprise Management”	上海港睿企業管理諮詢有限公司 (Shanghai Gangrui Enterprise Management Consultancy Co., Ltd.*), a company established in the PRC with limited liability on June 1, 2020 and an indirect non-wholly-owned subsidiary of our Company

DEFINITIONS

“Gangyu (Shanghai)”	港彙(上海)置業有限公司 (Gangyu (Shanghai) Property Co., Ltd.*), a company incorporated in the PRC with limited liability on July 17, 2019, and an indirect non-wholly-owned subsidiary of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group,” “our Group,” or “the Group” or “we” or “us”	our Company and its subsidiaries from time to time
“Guizhou Ganghua”	貴州港華置業有限公司 (Guizhou Ganghua Property Co., Ltd.*), a company established in the PRC with limited liability on May 21, 2018 and an indirect wholly-owned subsidiary of our Company
“Haimen Ganghua”	海門港華置業有限公司 (Haimen Ganghua Property Co., Ltd.*), a company incorporated in the PRC with limited liability on January 16, 2020, and an indirect non-wholly-owned subsidiary of our Company
“Hangzhou Chenrui”	杭州宸睿置業有限公司 (Hangzhou Chenrui Property Co., Ltd.*), a company established in the PRC with limited liability on August 10, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Hangzhou Hanggang”	杭州杭港置業有限公司 (Hangzhou Hanggang Property Co., Ltd.*), a company incorporated in the PRC with limited liability on January 21, 2020, and an indirect wholly-owned subsidiary of our Company
“HK eIPO White Form”	the application for the Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk or in the IPO App
“HK eIPO White Form Service Provider”	the HK eIPO White Form Service Provider designated by our Company as specified on the designated website at www.hkeipo.hk or in the IPO App
“HKFRSs”	Hong Kong Financial Reporting Standards issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Dragon”	Hong Kong Dragon Enterprise (Holdings) Limited (港龍實業(集團)有限公司), a company incorporated in Hong Kong on September 17, 1996 with limited liability, which is owned by Ms. Wong Sau Suet (the spouse of Mr. Lui Wing Nam and mother of Mr. Lui Chi Chung Jimmy), Ms. Chan Mei Kum (the spouse of Mr. Lui Wing Wai and mother of Mr. Lui Man Wai) and Ms. Wong Kwai Fa (the spouse of Mr. Lui Wing Mau and mother of Mr. Lui Jin Ling) as to 33.3% each
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	40,000,000 new Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering subject to adjustment as described in “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 a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 26, 2020, relating to the Hong Kong Public Offering and entered into among our Company, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Hualian Development Co., Ltd., Hualong Development Co., Ltd., Huaxing Development Co., Ltd., WAG Worldsec Corporate Finance Limited, Huajin Securities (International) Limited, CRIC Securities Company Limited, CMB International Capital Limited and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Huai’an Guochuang”	淮安國創房地產開發有限公司 (Huai’an Guochuang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on October 29, 2018 and an indirect non-wholly-owned subsidiary of our Company

DEFINITIONS

“Hualian”	Hualian Development Co., Ltd. (華聯發展有限公司), a BVI business company incorporated in BVI with limited liability on September 27, 2018, which is owned as to 60% and 40 % by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively, and one of our Controlling Shareholders
“Hualong”	Hualong Development Co., Ltd. (華隆發展有限公司), a BVI business company incorporated in BVI with limited liability on September 27, 2018, which is owned as to 60% and 40 % by Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively, and one of our Controlling Shareholders
“Huaxing”	Huaxing Development Co., Ltd. (華興發展有限公司), a BVI business company incorporated in BVI with limited liability on September 27, 2018, which is owned as to 60% and 40% by Mr. Lui Wing Wai and Mr. Lui Man Wai respectively, and one of our Controlling Shareholders. Mr. Lui Man Wai passed away in January 2020. The said 40% shareholding in Huaxing, being part of the estate of Mr. Lui Man Wai, shall be inherited by his parents, namely Mr. Lui Wing Wai and Ms. Chan Mei Kum, on equal basis according to the Intestates’ Estates Ordinance. As of the Latest Practicable Date, the relevant procedures for obtaining the letters of administration of the estate were in progress. Ms. Chan Mei Kum further confirmed that she renounces all of her interest in Huaxing, which, upon succession of the administrated estate, will be entirely owned by Mr. Lui Wing Wai
“Huayang”	Huayang Development Co., Ltd. (華揚發展有限公司), a BVI business company incorporated in BVI with limited liability on October 9, 2018 and a direct wholly-owned subsidiary of our Company
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company or an associate of any such person within the meanings ascribed thereto under the Listing Rules
“Industry Report”	the independent industry report commissioned by us and prepared by C&W

DEFINITIONS

“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in “Structure of the Global Offering” in this prospectus
“International Offer Shares”	360,000,000 Offer Shares being initially offered by us for subscription pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, and subject to adjustment as described in the section headed “Structure of the Global Offering”
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, and the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) on or about the Price Determination Date, as described in the section headed “Underwriting — Underwriting Arrangements And Expenses — The International Offering” in this prospectus
“Intestates’ Estates Ordinance”	the Intestates’ Estates Ordinance (Chapter 73 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“IPO App”	the mobile application for HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Jiangsu Chongtong”	江蘇崇通企業管理有限公司 (Jiangsu Chongtong Enterprise Management Co., Ltd*), a company established in the PRC on March 12, 2015 and an indirect wholly-owned subsidiary of our Company
“Jiangsu Gangda”	江蘇港達置業有限公司 (Jiangsu Gangda Property Co., Ltd.*), a company established in the PRC with limited liability on April 13, 2017 and an indirect wholly-owned subsidiary of our Company
“Jiangsu Ganghao”	江蘇港豪置業有限公司 (Jiangsu Ganghao Property Co., Ltd.*), a company established in the PRC with limited liability on November 13, 2017 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Jiangsu Gangrui”	江蘇港瑞置業有限公司 (Jiangsu Gangrui Property Co., Ltd.*), a company established in the PRC with limited liability on November 13, 2017 and an indirect wholly-owned subsidiary of our Company
“Jiangsu Ganghua”	江蘇港華置業有限公司 (Jiangsu Ganghua Property Co., Ltd*), a company established in the PRC on August 9, 2013 and an indirect wholly-owned subsidiary of our Company
“Jiangsu Tongganghong”	江蘇通港弘置業有限公司 (Jiangsu Tongganghong Property Co., Ltd.*), a company established in the PRC with limited liability on February 25, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	Huajin Securities (International) Limited, CRIC Securities Company Limited and CMB International Capital Limited
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties involved in the Global Offering” in this prospectus
“Kangshan Property”	湖州海王康山置業發展有限公司 (Huzhou Haiwang Kangshan Property Development Co., Ltd.*), a company established in the PRC with limited liability on October 24, 2017 and an indirect non-wholly-owned subsidiary of our Company
“Kangshan Realty”	湖州海王康山地產發展有限公司 (Huzhou Haiwang Kangshan Realty Development Co., Ltd.*), a company established in the PRC with limited liability on February 5, 2018 and an indirect non-wholly-owned subsidiary of our Company
“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
“Latest Practicable Date”	June 20, 2020, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Lianyungang Ganghua”	連雲港市港華置業有限公司 (Lianyungang Ganghua Property Co., Ltd.*), a company established in the PRC with limited liability on May 16, 2016 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“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 Wednesday, July 15, 2020, on which the Shares are to be listed and from which dealings in the Shares are to be permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Luoyang Ganglong”	洛陽港龍置業有限公司 (Luoyang Ganglong Property Co., Ltd.*), a company established in the PRC with limited liability on November 26, 2013 and an indirect non-wholly-owned subsidiary of our Company
“M&A Rules”	Rules on Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was amended on June 22, 2009
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on June 20, 2020 with effect from Listing, as amended from time to time
“MNR”	the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Lui Chi Chung Jimmy”	Mr. Lui Chi Chung Jimmy (呂志聰), an executive Director and one of our Controlling Shareholders
“Mr. Lui Jin Ling”	Mr. Lui Jin Ling (呂進亮), an executive Director and one of our Controlling Shareholders
“Mr. Lui Man Wai”	the late Mr. Lui Man Wai (呂文偉), who had passed away as of the Latest Practicable Date
“Mr. Lui Wing Mau”	Mr. Lui Wing Mau (呂永茂), a non-executive Director and one of our Controlling Shareholders
“Mr. Lui Wing Nam”	Mr. Lui Wing Nam (呂永南), a non-executive Director and one of our Controlling Shareholders
“Mr. Lui Wing Wai”	Mr. Lui Wing Wai (呂永懷), an executive Director, chairman of the Board, chief executive officer of our Group and one of our Controlling Shareholders

DEFINITIONS

“Nanjing Ganghong”	南京港弘房地產開發有限公司 (Nanjing Ganghong Real Estate Development Co., Ltd.*), a company incorporated in the PRC with limited liability on December 4, 2019, and an indirect non-wholly-owned subsidiary of our Company
“Nanjing Ganglong”	南京港龍置業有限公司 (Nanjing Ganglong Property Co., Ltd.*), a company incorporated in the PRC with limited liability on November 28, 2019, and an indirect wholly-owned subsidiary of our Company
“Nantong Ganghua”	南通港華置業有限公司 (Nantong Ganghua Property Co., Ltd.*), a company established in the PRC with limited liability on February 11, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Nantong Ganglong”	南通港龍置業有限公司 (Nantong Ganglong Property Co., Ltd.*), a company incorporated in the PRC with limited liability on March 4, 2020 and an indirect wholly-owned subsidiary of our Company
“Nantong Xinhé”	南通欣和置業有限公司 (Nantong Xinhé Property Co., Ltd.*), a company incorporated in the PRC with limited liability on September 26, 2019 and an indirect non-wholly-owned subsidiary of our Company
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as 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, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 60,000,000 additional new Shares (representing in aggregate 15% of the initial Offer Shares) to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	《中華人民共和國公司法》(the PRC Company Law*) which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“PRC Enterprise Income Tax Law”	《中華人民共和國企業所得稅法》(the PRC Enterprise Income Tax Law*) which was promulgated by the SCNPC on March 16, 2007 and became effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)
“PRC Labor Contract Law”	《中華人民共和國勞動合同法》(the PRC Labor Contract Law*) which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
“PRC Legal Adviser”	Jingtian & Gongcheng, a qualified PRC law firm as the PRC legal adviser to our Company for the application for listing on the Main Board of the Stock Exchange
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators, acting on behalf of the Underwriters, on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be Friday, July 3, 2020, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than Monday, July 13, 2020, or such other date as agreed between the parties to the Price Determination Agreement

DEFINITIONS

“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Underwriters, the Controlling Shareholders, any of their or our Company’s respective directors, officers, agents, employees, representatives or advisers or any other person involved in the Global Offering
“Remuneration Committee”	the remuneration committee of the Board
“Reorganization”	the reorganization arrangements undergone by our Group in preparation for the Listing as described in “History, Reorganization and Group Structure — Reorganization”
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of China
“Rudong Gangda”	如東港達置業有限公司 (Rudong Gangda Property Co., Ltd.*), a company established on the PRC with limited liability on July 25, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Rudong Gangrui”	如東港瑞置業有限公司 (Rudong Gangrui Property Co., Ltd.*), a company established in the PRC with limited liability on June 28, 2019 and an indirect non-wholly-owned subsidiary of our Company
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation (國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“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 Chongming”	上海崇明豫商房地產開發有限公司 (Shanghai Chongming Yushang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on May 28, 2014 and an indirect non-wholly-owned subsidiary of our Company

DEFINITIONS

“Shanghai Feihuan”	上海斐寰企業管理合夥企業(有限合夥) (Shanghai Feihuan Enterprise Management Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability on November 27, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Gangde”	上海港德置業有限公司 (Shanghai Gangde Property Co., Ltd.*), a company incorporated in the PRC with limited liability on April 9, 2020, and an indirect wholly-owned subsidiary of our Company
“Shanghai Gangfa”	上海港發置業有限公司 (Shanghai Gangfa Property Co., Ltd.*), a company incorporated in the PRC with limited liability on January 19, 2020, and an indirect wholly-owned subsidiary of our Company
“Shanghai Ganghuai”	上海港懷置業有限公司 (Shanghai Ganghuai Property Co., Ltd.*), a company incorporated in the PRC with limited liability on December 24, 2019, and an indirect wholly-owned subsidiary of our Company
“Shanghai Ganglai”	上海港涑置業有限公司 (Shanghai Ganglai Property Co., Ltd.*), a company incorporated in the PRC with limited liability on December 10, 2019, and an indirect wholly-owned subsidiary of our Company
“Shanghai Gangming”	上海港茗置業有限公司 (Shanghai Gangming Property Co., Ltd.*), a company incorporated in the PRC with limited liability on December 10, 2019, and an indirect wholly-owned subsidiary of our Company
“Shanghai Gangpeng”	上海港朋置業有限公司 (Shanghai Gangpeng Property Co., Ltd.*), a company incorporated in the PRC with limited liability on December 24, 2019, and an indirect wholly-owned subsidiary of our Company
“Shanghai Gangrui”	上海港睿置業有限公司 (Shanghai Gangrui Property Co., Ltd.*), a company incorporated in the PRC with limited liability on January 8, 2020, and an indirect wholly-owned subsidiary of our Company
“Shanghai Gangxing”	上海港興置業有限公司 (Shanghai Gangxing Property Co., Ltd.*), a company incorporated in the PRC with limited liability on May 3, 2017, and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Gangxiu”	上海港岫置業有限公司 (Shanghai Gangxiu Property Co., Ltd.*), a company incorporated in the PRC with limited liability on April 9, 2020, and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Shanghai Jiuyi”	上海玖弈置業有限公司 (Shanghai Jiuyi Property Co., Ltd.*), a company established in the PRC with limited liability on June 25, 2019 and an indirect wholly-owned subsidiary of our Company
“Shanghai Meihong”	上海美弘置業有限公司 (Shanghai Meihong Property Co., Ltd.*), a company incorporated in the PRC with limited liability on April 24, 2019, and an indirect wholly-owned subsidiary of our Company
“Shanghai Qixing”	上海頌興企業管理有限公司 (Shanghai Qixing Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability on April 12, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Tianhong”	上海天弘置業有限公司 (Shanghai Tianhong Property Co., Ltd.*), a company established in the PRC with limited liability on April 26, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Xiangsheng”	上海驥晟企業管理有限公司 (Shanghai Xiangsheng Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability on February 27, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Xiangtian”	上海驥田企業管理有限公司 (Shanghai Xiangtian Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability on April 12, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Shanghai Zhenchong”	上海蓁重企業管理合夥企業(有限合夥)(Shanghai Zhenchong Enterprise Management Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability on April 2, 2020 and an indirect wholly-owned subsidiary of our Company
“Shanghai Zhenhong”	上海蓁弘企業管理合夥企業(有限合夥) (Shanghai Zhenhong Enterprise Management Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability on September 18, 2019 and an indirect wholly-owned subsidiary of our Company
“Shaoxing Gangtong”	紹興港同置業有限公司 (Shaoxing Gangtong Property Co., Ltd.*), a company established in the PRC with limited liability on September 19, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Shaoxing Gangxing”	紹興港興置業有限公司 (Shaoxing Gangxing Property Co., Ltd.*), a company established in the PRC with limited liability on June 24, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of HK\$0.01 each

DEFINITIONS

“Share Option Scheme”	the share option scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on June 20, 2020, the principal terms of which are set out in the section headed “Statutory and General Information — E. Other Information — 12. Share Option Scheme” in Appendix V to this prospectus
“Share Registrar”	Harneys Fiduciary (Cayman) Limited
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor”	WAG Worldsec Corporate Finance Limited, a corporation licensed to carry on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO
“Stabilizing Manager”	Huajin Securities (International) Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Huaxing and the Stabilization Manager (or its agents) on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Ruixing”	蘇州瑞興房地產有限公司 (Suzhou Ruixing Real Estate Co., Ltd.*), a company established in the PRC with limited liability on September 4, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Suzhou Tuoren”	蘇州拓仁企業管理有限公司 (Suzhou Tuoren Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability on March 13, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Suzhou Yinyi”	蘇州垠壹置業有限公司 (Suzhou Yinyi Property Co., Ltd.*), a company established in the PRC with limited liability on February 26, 2019 and an indirect non-wholly-owned subsidiary of our Company
“Taixing Chuanghe”	泰興市創和置業有限公司 (Taixing Chuanghe Property Co., Ltd.*), a company established in the PRC with limited liability on April 10, 2018 and an indirect non-wholly-owned subsidiary of our Company
“Taizhou Gangxinzheng”	泰州港新正置業有限公司 (Taizhou Gangxinzheng Property Co., Ltd.*), a company incorporated in the PRC with limited liability on December 9, 2019, and an indirect non-wholly-owned subsidiary of our Company
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Track Record Period”	the three financial years ended December 31, 2017, 2018 and 2019
“U.S.”, “US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“U.S. dollars”, “USD” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	The United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Valuation Date”	March 31, 2020
“VAT”	Value-added tax
“ WHITE Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own name
“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; (b) extend the offer period and to 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 change)
“Wuhu Gangsheng”	蕪湖縣港生企業管理諮詢有限公司 (Wuhu Gangsheng Enterprise Management Consultancy Co., Ltd.*), a company established in the PRC with limited liability on May 19, 2020 and an indirect wholly-owned subsidiary of our Company
“Xiangshui Ganglong”	鹽城市響水港龍房地產開發有限公司 (Yancheng Xiangshui Ganglong Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on December 17, 2018 and an indirect wholly-owned subsidiary of our Company
“Yancheng Ganglong”	鹽城港龍房地產開發有限公司 (Yancheng Ganglong Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on August 17, 2010 and an indirect wholly-owned subsidiary of our Company
“ YELLOW Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“Yangtze River Delta Region”	economic region which covers Shanghai, Jiangsu Province, Anhui Province and Zhejiang Province of the PRC

DEFINITIONS

“Yixing Gangheng”	宜興港恆置業有限公司 (Yixing Gangheng Property Co., Ltd.*), a company incorporated in the PRC with limited liability on January 13, 2020, and an indirect wholly-owned subsidiary of our Company
“Zhejiang Gangrong”	浙江港榮置業有限公司 (Zhejiang Gangrong Property Co., Ltd.*), a company incorporated in the PRC with limited liability on April 17, 2020, and an indirect wholly-owned subsidiary of our Company
“Zhejiang Gangsheng”	浙江港晟置業有限公司 (Zhejiang Gangsheng Property Co., Ltd.*), a company incorporated in the PRC with limited liability on March 17, 2020, and an indirect wholly-owned subsidiary of our Company
“%”	per cent

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions or usage of those terms.

“ASP”	average selling price
“building ownership certificate”	building ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings (房屋所有權證)
“commodity residential properties”	residential properties developed by a property developer for sale
“completion certificate”	construction work completion inspection acceptance certificate/record issued by local urban construction bureaux or competent authorities in the PRC with respect to completion of property projects (竣工驗收備案)
“construction land planning permit”	construction land planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設用地規劃許可證)
“construction work commencement permit”	construction work commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
“construction work planning permit”	construction work planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設工程規劃許可證)
“contracted GFA” or “contracted sales”	the aggregate amount of GFA pre-sold/sold or sales (as the case may be) set forth in all of the pre-sale and sale property purchases contracts entered by our Group and our joint venture and associated companies during a given year regardless of when the properties would be delivered; contract sales data is operating data of our Group, which is provided for investor’s reference only; it differs from revenue in that the latter is an accounting concept, the amount of which is recognized for a specific year or period according to applicable accounting stand and rules
“contracted GFA attributable to our Group” or “contracted sales attributable to our Group”	contracted GFA or contracted sales (as the case may be) where for projects held by our joint ventures or our associated companies, those amounts are adjusted by our equity interests in the respective projects; and for projects held by our subsidiaries, those amounts are not adjusted
“ERP”	enterprise resource planning
“GDP”	gross domestic product
“GFA”	gross floor area

GLOSSARY OF TECHNICAL TERMS

“jointly developed projects”	property projects developed or to be developed by our non-wholly-owned subsidiaries, joint ventures or associated companies
“land grant contract”	a land use rights grant contract (土地使用權出讓合同)
“land use rights certificate”	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (土地使用權證)
“occupancy rate”	refers to the ratio of leased GFA to rentable GFA held for property investment of a property development project on a given date
“OA”	office automation
“plot ratio”	the ratio between the saleable GFA of a development and the area of the site on which it is erected
“pre-sale permit”	a pre-sale permit authorizing a developer to start the pre-sale of a property under construction (商品房預售許可證)
“real estate title certificate”	a certificate to ascertain the ownership title of a party over a parcel of land and/or the building(s) erected upon (不動產權證書)
“Saleable GFA”	GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the project
“second-tier cities”	for the purpose of this prospectus, includes Nanjing and Hangzhou
“sq.km.”	square kilometer
“sq.m.”	square meter
“third-tier cities”	for the purpose of this prospectus, includes Changshu, Changzhou, Hai’an, Haimen, Huai’an, Lianyungang, Nantong, Taixing, Taizhou, Yancheng, Yixing, Luoyang, Huzhou, Shaoxing, Zhangjiagang, Jiaxing, Jiangyin and Rugao

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects,
- our strategies, plans and goals and our ability to implement such strategies, plans and goals,
- general political and economic conditions in China,
- the development of the property development and related markets in China,
- future developments, competition, trends, regulatory environment and conditions in the property development industry and any other industries we operate or plan to operate in China,
- our dividend policy,
- projects under development,
- our future capital needs and capital expenditure plans,
- capital markets developments,
- volumes, operations, margins, overall market trends and risk management,
- other statements in this prospectus that are not historical fact,
- exchange rate fluctuations and developing legal system, in each case pertaining to China and the industry and markets in which we operate,
- financial condition and performance,
- macroeconomic measures taken by China to manage economic growth, and
- other factors beyond our control.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document.

Any such intentions may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the following risk factors, before making any investment decision in relation to the Offer Shares. Our business, financial condition, results of operations, performance and/or prospects could be materially and adversely affected by any of these risks. The market price of the Offer Shares could fall significantly due to any of these risks, and you may lose all or part of your investment. The risks and uncertainties described below are not the only risks and uncertainties we face. In addition to the risks described below, there may be other risks and uncertainties not currently known to us or that we currently deem to be immaterial which may in the future become material risks. The risks discussed below may also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

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 the PRC; and (iv) risks relating to the Global Offering.

RISK RELATING TO OUR BUSINESS

We may not have adequate financing to fund our future land acquisitions and 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 for project development in the foreseeable future. During the Track Record Period, we financed our property projects primarily through proceeds from pre-sales and sales of our properties, advances from Controlling Shareholders and non-controlling interest bank borrowings and other financing arrangements including trust financing.

Our ability to obtain adequate financing for land acquisitions or property development on terms commercially acceptable to us depends on a number of factors, many of which are beyond our control, including, among other things:

- our future results of operations, financial conditions and cash flows;
- the condition of the international and domestic financial markets and financing availability;
- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- the condition of the international and domestic financial markets and the availability;
- changes in monetary policies of the PRC Government with respect to bank interest rates and lending practices; and
- changes in the PRC policies regarding regulation and control of the property market.

We cannot assure you that the PRC government will not introduce measures or initiatives that limit our access to capital and methods we finance our development projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercial reasonable terms, or at all and if that happens, our business, financial condition, results of operation and prospects could be materially adversely affected.

Furthermore, we derive a majority of our revenue and cash flow from sales and pre-sales of properties developed by us. Some purchasers of our properties rely on mortgage to fund their purchases. An increase in interest rate may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchasers and affordability of properties. We cannot assure you that the PRC government and commercial banks will not increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a

RISK FACTORS

manner that would make mortgage financing unavailable or unattractive to potential property purchases. We cannot assure you that the commercial banks will approve potential property purchasers' application for mortgage loans in a timely manner, or at all. Our sale and pre-sale may be materially and adversely affected if mortgage financing becomes more costly or more difficult to obtain.

Our business and prospects are heavily dependent on the economic conditions in the PRC and may be adversely affected by the performance of the PRC property markets, particularly in Changzhou, various major cities in the Yangtze River Delta Region and other cities we operate and intend to operate.

During the Track Record Period and up to the Valuation Date, we had a project portfolio of 64 projects in various stages of development in the PRC, which cover 22 cities in the PRC. Out of the 64 projects we have, 62 projects were located in the Yangtze River Delta Region. Our business is expected to be heavily dependent on the performance of the property markets, particularly in various major cities in Yangtze River Delta Region. These property markets may be affected by local, regional, national and global factors, including economics and financial developments, speculative activities in local market, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and the availability of capital. For example, the availability and price of land sold at public tender, auction or listing for sale processes depend on factors beyond our control, including government land policies and competing bidders. 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 recent decades in major cities we plan to enter has resulted in a limited supply of undeveloped land in desirable locations and at attractive acquisition costs. As a result, our cost of acquiring land use right may rise further in the future, our business, financial condition, results of operations and prospect may be materially and adversely affected if we are unable to acquire suitable land parcels at a commercially acceptable price. Any adverse developments in the PRC property market generally or in the cities in which we have or expect to have operations could materially and adversely affect our business, financial condition, results of operations and prospects.

Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how significantly demand will develop. Therefore, any over-supply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices, which may affect our business, financial condition, results of operations and prospects.

We believe that the sustainable growth and success of our business significantly depend on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for the residential and commercial development. Our ability to acquire land depends on a variety of factors, some of which are beyond our control, such as overall economic conditions, availability of land parcels provided by the PRC government and competition for land parcels which are suitable for development. Furthermore, our Group's profitability during the Track Record Period was partly attributable to the low land cost which was acquired prior to the hike of land prices in 2016. As land cost is one of the largest components of our cost of sales, any increase in our land cost resulting from any reason, such as shortages of supply or our inability to acquire suitable land parcels at commercially acceptable prices could have a material and adverse effect on our business, financial condition, result of operations and prospects.

RISK FACTORS

We recorded negative operating cash flow for the year ended December 31, 2018 and 2019 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments on commercial reasonable terms, or at all.

We recorded negative cash flow from operating activities of approximately RMB626.3 million and RMB6,756.0 million for the year ended December 31, 2018 and 2019, respectively, primarily due to cash outflows associated with payment of land costs in relation to 16 land parcels acquired and development costs of a number of property projects during the year ended December 31, 2018 and 2019. Such cash outflows may not always be completely offset by various operating cash inflow sources, which primarily comprised of proceeds received from our customers in the pre-sales and sales of our properties. 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. Please refer to “Financial Information — Liquidity and capital resources — Net cash generated from/(used in) operating activities” for further details.

During the Track Record Period, we mainly relied on internal resources generated from our operations, including proceeds generated from pre-sales and sales of our properties, advances from Controlling Shareholders and non-controlling interests as well as external financings, which includes, primarily, bank borrowings and other financing arrangements including trust financing. Negative operating cash flow may require us to obtain sufficient additional financing to meet our financial 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 of our interest payments could further limit our ability to obtain the necessary financing or favourable 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 generate revenue and cash inflow principally from the sales of properties and our results of operations and cash flow largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.

Our business model is to sell certain properties for return of capital to fund our business, operations and expansion plans. For the three years ended December 31, 2019, our revenue generated from the sales of properties amounted to RMB433.9 million, RMB1,659.6 million and RMB1,978.0 million, respectively. Our results of operations may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of property construction. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA, may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

RISK FACTORS

Moreover, completion of our development projects requires substantial capital expenditures for, among other things, land acquisition and construction. The construction work for our development projects may take over a year or longer before they could generate positive net cash flow through selling. As a result, our cash flows and results of operations may be significantly affected by our project development schedules and any changes to those schedules may affect whether our developments are completed within the planned budget. Whether our development properties can be completed within the planned budgets depends on a number of factors, including our ability to finance construction and the associated financing costs.

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

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 real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development and completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. For the three years ended December 31, 2019, we recorded impairment loss recognized for completed properties held for sale in the amount of RMB2.2 million, RMB1.4 million and nil, respectively but did not record any impairment losses for properties under development during the same period. We cannot assure you that we would not incur, or would only incur similar level of, impairment losses, in the future. If we incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

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 property development industry in the PRC is heavily regulated and property developers must be abide by various laws and regulations, including rules promulgated by national and local governments to enforce these laws and regulations. Like other property developers in China, we must apply to the relevant government authorities to obtain (and renew those relating to on-going operations) various licenses, permits, certificates and approval to engage in property development enterprise, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, pre-sales permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate, license or permit. We cannot assure you 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 property development 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. In the event that we fail to obtain, renew or abide by or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property development projects, we may not be able to continue with our development plans, and our business, financial condition and results of operations may be materially adversely affected.

RISK FACTORS

We are subject to legal and contractual risks related to pre-sales, which could have an adverse effect on our business, financial condition and result of operations.

Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sale proceeds may only be used to finance the related development. We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if sufficient alternative funding are not available under commercial acceptable terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

Moreover, we make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete delivery of a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3.0% from the GFA of that unit as set out in the contract; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

We may be liable to our customers for damages if individual property ownership certificates are not delivered to our customers in a timely manner due to our fault.

Property developers in the PRC typically assist purchasers of property to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. Property developers, including us, generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties. We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. There can be no assurance that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

Under 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》) enacted by the State Council on July 20, 1998 and amended on January 8, 2011, March 19, 2018 and March 24, 2019, and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property

RISK FACTORS

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. Generally, we receive quality warranties from third-party contractors with respect to our property development projects. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

We may be subject to fines or forfeit land to the PRC Government if we fail to pay land grant premium or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts or subject to fines, additional land costs and/or corrective actions if the constructed total GFA of our projects exceed permitted total GFA.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land costs, resettlement and demolition costs and other fees, the designated use of the land, the allocation of certain portion of development area for social welfare housing or resettlement housing and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land fee on the land equal to 20% of the land costs. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, unless the delay in the development is caused by government action or is due to a force majeure. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but, suspends for more than one year and falls under either of the following two situations (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one fourth of the total planned investment in the project, the land may be treated as idle land and will be subject to the risk of forfeiture.

Furthermore, government grants of land use rights for a parcel of land specify in the land grant contract the permitted total GFA that the developer may develop on the land. The total GFA is also set out in the relevant urban planning approvals and construction permits. However, the actual GFA constructed may be different from the total GFA authorized in the land grant contract or relevant construction permits due to factors such as subsequent planning and design adjustments. The actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. The developer may be required to pay additional land costs and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (工程竣工验收备案表) can be issued to the property developer. Until the completion certificate is issued, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. The methodology for calculating the additional land costs is generally the same as the original land grant contract. If issues related to excess GFA cause delays in the delivery of our properties, we may also incur liability to purchasers under our sales and purchase agreements. There can be no assurance that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA. Any of these factors may adversely affect our business.

RISK FACTORS

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

In accordance with PRC regulations on LAT, all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the properties. Pursuant to the Notice of the State Administration of Taxation on the Relevant Issues Concerning the Settlement Management of Land Value-added Tax on Real Estate Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知) issued by the SAT, LAT obligations must be settled with the relevant tax bureaus within a specified frame after the completion of a property project.

We make provisions for LAT by reference to our sales recognized and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the three years ended December 31, 2019, we recorded LAT expenses of RMB11.1 million, RMB33.1 million and RMB184.4 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

Furthermore, certain notices issued by the PRC government relating to the settlement of LAT allow provincial tax authorities to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities or provinces in which our projects are located require us to settle all unpaid LAT at the same time, or impose other additional conditions, our business, results of operations and financial condition may be materially and adversely affected.

We may be adversely affected by material issues that affect our relationships or business ventures with partners of our joint ventures and associated companies.

We have entered into joint ventures and established associated companies with third parties and may continue to do so in the future. The performance of such joint ventures and associated companies has affected, and will continue to affect, our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associated companies until they start to generate revenue by delivering properties they develop. For the year ended December 31, 2017, our share of loss on joint ventures and associates was RMB16.8 million. For the years ended December 31, 2018 and 2019, our share of profits on joint ventures and associates was RMB80.1 million and RMB359.4 million, respectively.

During the Track Record Period, our investments in joint ventures and associated companies increased significantly. As of December 31, 2017, 2018 and 2019, our investments in joint ventures amounted to RMB155.1 million, RMB372.2 million and RMB520.3 million, respectively. Our investments in associated companies amounted to RMB54.7 million, RMB341.8 million and RMB583.1 million, respectively as of the same dates.

RISK FACTORS

The success of a joint venture or an associated company 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 our joint ventures and associated companies. In addition, in accordance with PRC law, in our joint venture agreements and the articles of association of our joint ventures and associated companies, there are certain matters require the consent of all parties to the joint ventures and associated companies. Therefore, the operation of these joint ventures and associated companies involve a number of risks, including:

- we may not be able to pass certain important board resolutions requiring or resolutions of shareholders' meeting unanimous consent of all of the directors or shareholders of our joint ventures and/or associated companies if there is a disagreement between us and our joint venture and/or associated company partners;
- we may disagree with our joint venture and/or associated company partners in connection with the scope or performance of our respective obligations under the joint venture and associated arrangements;
- our joint venture and/or associated company partners may be unable or unwilling to perform their obligations under the arrangements with us, including their obligation 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 or philosophies that are inconsistent with ours;
- our partners may take action contrary to our requests or instructions or contrary to our 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 and associated company arrangements with us.

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

Furthermore, the ability of our joint ventures and associated companies to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our joint ventures or associated companies incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations, to service our indebtedness and to pay dividends to our Shareholders. In addition, their declaration of dividends may be at the absolute discretion of the boards of our joint ventures and associated companies.

Our investment in joint ventures and associated companies are subject to liquidity risk. Our investments in joint ventures and associated companies are not as liquid as other investment products as there is no return in our investment until dividends are received even if our joint ventures and associated companies reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the joint ventures and associated companies in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interests rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the joint ventures or associated companies for the price or on the terms set by us. We also cannot predict the length

RISK FACTORS

of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquid nature of our investment in joint ventures or associated companies may significantly limit our ability to respond to adverse changes in the performance of our joint ventures or associated companies. In addition, if there is no share of interests or dividends from our joint ventures or associated companies, we will also be subject to liquidity risk and our financial condition or result of operations could be materially affected.

Also, as we expect to continue to invest in joint ventures and associated companies 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 joint ventures or associated companies, which could materially and adversely affect our ability to conduct our business.

We may be unable to successfully manage the growth of our business and our results of operations from the Track Record Period may not be representative of our future performance and certain components are subject to uncertainties and fluctuation when preparing our financial statements.

Our revenue experienced fluctuations during the Track Record Period. Our revenue increased from RMB433.9 million in 2017 to RMB1,659.6 million in 2018, and further increased to RMB1,978.0 million in 2019. There can be no assurance that our revenue will grow in the future. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and business opportunities.

We have a set of policies, controls and procedures to manage our business. However, as our business continues to expand, there can be no assurance that these policies, controls and procedures will prove as effective as we hope. As a result, our past results of operations may not be indicative of our future performance.

As such, our financial information from January 1, 2020 onwards may not be directly comparable to our historical financial information during the Track Record Period.

Our growth and expansion into new cities, regions and new geographical markets present certain risks and uncertainties.

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our historical focus was primarily on the development of residential projects in the Yangtze River Delta Region, namely in Jiangsu and Zhejiang, provinces at our inception. During the Track Record Period and up to the Valuation Date, we had a diverse project portfolio of 64 development projects in 22 cities, developed by our subsidiaries, joint ventures and associated companies. As of the Valuation Date, we had 53 property projects, developed by our subsidiaries, joint ventures and associated companies and are under various stages of development with an aggregate GFA attributable to us of 5,444,423 sq.m., of which, 3,908,612 sq.m. was located in the Jiangsu, and 1,124,482 sq.m. was located in Zhejiang. During the Track Record Period, all of our revenue were generated from property projects in Jiangsu Province. During the same period, approximately RMB1,762.0 million, RMB2,770.1 million and RMB4,635.6 million of our pre-sale proceeds were generated from projects located in Jiangsu Province, representing approximately 100.0%, 99.0% and 66.3% of our total pre-sale proceeds in the respective year. As we intend to continue to expand our operations into additional major cities in the Yangtze River Delta Region and expand into other new markets outside of the region, such as the Central Region in the PRC in the future, we cannot assure you that our property projects in such other additional major cities and new markets would be profitable at similar in level to our projects in Jiangsu Province or profitable at all.

Expansion into new geographical locations involves uncertainties and challenges as we may be less familiar with 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 entail competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge than we do. Furthermore, the construction, market and tax

RISK FACTORS

related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments.

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

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

The locations and property type of our property projects have a direct impact on their selling prices or ASP per sq.m., our sales revenue and our gross profit margins.

According to the Industry Report, commodity residential properties in Shanghai and Hangzhou generally commanded a relatively high average price per sq.m., while those in Liupanshui generally commanded a relatively low average price per sq.m. Among Shanghai, Hangzhou and Liupanshui, properties in Shanghai had the highest ASP per sq.m. in 2018. For details, please refer to “Industry Overview” in this prospectus. While the selling prices or ASP per sq.m. of our property projects vary depending on their locations, our sales revenue and therefore our gross profit margin may vary depending on the mix in geographical locations of our property projects being delivered for a particular period. Further, different characteristics of our property projects also command different average selling price which entails different gross profit margin. For instance, we recorded relatively higher gross profit margin of 42.7% for the December 31, 2019 attributable to the sales of properties in Hua Qiao Xin Cheng (華僑新城) and Jing Shan Xiu Shui (景山秀水) that comprised townhouses with fine decoration. For details, see “Financial Information — Description of Certain Major Components of Our Consolidated Statements of Comprehensive Income — Gross profit and gross profit margin” in this prospectus. Therefore, our Group’s gross profit margins may fluctuate in the foreseeable future if expected sales contributed by our property projects in different locations and of different property type.

In addition, there is no assurance that our selling prices or ASP per sq.m., as a whole, will always be consistent with the industry trends in the cities we operate. Our selling prices or ASP per sq.m. might deviate from the industry trends as a result of the changes in mix of property series and products types we launch sale and pre-sale in a particular period and the timing of the completion of properties and therefore, making it difficult to predict the future trends.

Fluctuations in the labor costs and the price of construction materials could adversely affect our construction costs and the construction fees charged by our construction contractors, which could adversely affect our business and financial performance.

The cost of construction materials, such as steel and cement, and labor costs, are subject to volatility. The supply and cost of building materials are affected by macroeconomics conditions, production quantity and cost of such materials. As most of our major construction contracts are fixed unit price contracts, the risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts.

In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require us to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to

RISK FACTORS

our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by our amounts due from our joint ventures, associated companies and non-controlling interests.

During the Track Record Period, in order to support the business operations of our joint ventures and associated companies, we recorded amounts due from our joint venture and associated companies amounted to approximately RMB1,028.4 million, RMB889.3 million and RMB475.0 million as of December 31, 2017, 2018 and 2019, respectively. We make periodic assessments on the amounts due from our joint ventures and associated companies and investments in joint venture and associated companies based on their financial position, credit history and other factors. However, the risk of recoverability is inherent in our outstanding balances for such amounts, as the ability of the joint ventures and associated companies and non-controlling interests to repay us depends on a number of factors, some of which are beyond our control. In the event that we could not recover the outstanding balances from our joint ventures, associated companies and non-controlling interests in full or in timely manner, there could be a material adverse effect on our profitability, cash flow and financial position.

The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, financial condition and results of operation.

The appraised value of our properties as contained in the property valuation report set out in Appendix III is based on multiple assumptions that include elements of subjectivity and uncertainty. The appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimate of their realizable value. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that, as the case may be, (i) it will be developed and completed in accordance with the latest development proposals; (ii) all consents, approvals, and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays; and (iii) the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities.

In addition, the appraised value of properties is based on key assumptions including their market position, levels of yield, rent and/or price. Even though our Property Valuer adopted calculation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect.

If any of these assumptions turns out to be incorrect or the actual realizable value of any of our properties is significantly lower than its appraised value, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by changes in fair value of our investment properties and the possible impairment losses for such investments.

We are required to reassess the fair value of our properties at the end of each reporting period. Under HKFRSs, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income for the period in which they arise. Our properties were valued by the Property Valuer, as of the Valuation Date, on an open market and existing use basis, which reflected market conditions on such valuation date. Based on such valuation, we recognized the aggregate fair value of our properties and relevant deferred tax on our consolidated statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of comprehensive income. For the three years ended

RISK FACTORS

December 31, 2019, our fair value gains on investment properties was RMB19.5 million, RMB6.7 million and RMB15.6 million, respectively. We recorded net profit of RMB32.8 million, RMB332.0 million and RMB470.1 million for the three years ended December 31, 2019, respectively. For the three years ended December 31, 2019, we would have recorded less net profit without including fair value gains on investment properties in the same periods.

Despite their impact on the reported profit, such fair value gains or losses do not change our cash position as long as the relevant properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our properties or that the fair value of our investment properties will not decrease in the future. Any significant decreases in the fair value of our properties or any significant decreases in the amount we could receive in actual sales of the properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operation.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, it may also change due to the uncertainty of accounting estimates in the valuation of investment properties with the use of significant unobservable inputs in the valuation techniques, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under HKFRSs, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income for the period in which they arise. Our investment properties are appraised by an independent property valuer at each of the relevant reporting date, and are measured at fair value with significant unobservable inputs used in the valuation techniques. We recognized the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and changes in fair value of investment properties and the relevant deferred income tax expenses on our consolidated statements of comprehensive income.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustment has been, and will continue to be, subject to market fluctuations and the changes of significant unobservable inputs in the valuation techniques. As a result, we cannot assure you that changes in the market conditions or valuation techniques will continue to create fair value gains on our investment properties or that the fair value of our investment properties may materially differ from the amounts it would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

We have substantial indebtedness and may incur additional indebtedness in the future and are subject to (i) changes in interest rates, (ii) potential risks in certain covenants or restrictions under our bank borrowings, trust and other financing arrangements or (iii) changes or tightening in the regulations relating to trust loans by the PRC Government, may adversely affect our business, financial condition and results of operations.

We currently have, and will continue to require, a substantial amount of indebtedness. Our total borrowings, including bank loans and other borrowings, as of December 31, 2017, 2018, 2019 and April 30, 2020 were RMB317.5 million, RMB856.1 million, RMB2,853.3 million and RMB5,770.6 million, respectively, and our gearing ratio was 98.8%, 122.1%, 172.6% and 251.2%, respectively, as of the same dates. Taking into account the estimated proceeds we receive from the Global Offering, we expected our gearing ratio upon Listing will be approximately 155.7%. Our indebtedness and gearing could have significant implications, including, among others:

- increasing our vulnerability to adverse general economic and industry conditions;

RISK FACTORS

- requiring us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limiting our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds; and
- increasing our cost of additional financing.

In the future, we may from time to time require substantial additional indebtedness and contingent liabilities. Our ability to generate sufficient cash to satisfy our existing and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in an adverse effect on our business, results of operations and financial condition.

Also, we have incurred and are expected to continue to incur a significant amount of interest expense relating to our borrowings from banks. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because a majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. As of December 31, 2017 and 2018 and 2019, bank and other borrowings of our Group which were bearing at floating rates amounted to RMB120.0 million, RMB153.0 million and RMB2,133.2 million, respectively. For the years ended December 31, 2017, 2018 and 2019, we recorded finance costs of RMB5.8 million, RMB37.2 million and RMB78.6 million, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our finance costs and thereby materially and adversely affect our business, financial condition, results of operations and prospects.

We cannot assure that we will always be able to obtain the required bank financing in the future or that we would be able to arrange for re-financing when our bank borrowings become due. If we are unable to obtain or renew our bank facilities, our results of operation and financial condition may be materially and adversely affected.

Furthermore, certain of our financing arrangements are subjected to a number of restrictive and/or negative covenants which include, among other things, limitations on our ability to incur additional indebtedness, create new charges, restrictions on the use of proceeds, distribute dividends and requirements to provide notice or obtain consent for certain significant corporate events. Also, borrowings provided under certain loan agreement between our operating subsidiaries and financial institutions are typically not allowed to be used for purposes other than the specific project development as provided in the agreement.

Our loan agreements with certain banks may contain cross-default clauses. If any cross-default occurs, such banks are entitled under these agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. We may be required to seek the consent of and/or to notify the banks in order to carry out any mergers, spin-offs, reductions in registered share capital, material asset transfers, liquidations, changes in shareholding or the establishment of any joint ventures. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties. In addition, our trust and other

RISK FACTORS

financing arrangements may have covenants that, among other things, the project company is required to notify and obtain written consent from the trust financing companies and other financing institutions in advance if during the term of the trust financing, it is involved in any operational decisions which would lead to any material changes to the trust and other financing arrangement's interests, or if we need to provide guarantees for other external loans.

We cannot assure you that we will be able to abide by all these restrictive covenants in the loan agreements we entered into or obtain lender's consent in a timely manner or at all in the future. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of our loans, in which case our business, financial condition and results of operations may be adversely affected.

As of April 30, 2020, we had trust financing arrangements of RMB1,523.6 million, which accounted for 26.4% of our total borrowings. Our trust financing arrangements are generally secured by, such as, our equity interests in the PRC subsidiaries or lien of land use rights. If we default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these PRC subsidiaries, our proportionate share of the asset value of the relevant land use rights. Besides, under the terms in the Type II Arrangements as set out in "Business — Project financing — Trust financing arrangements" and "Financial Information — Indebtedness", all or part of our equity interests in the project companies are directly or indirectly transferred to the lenders. As of April 30, 2020, under our Type II Arrangements, we have transferred to the lender 47.6% of the partnership interest of Shanghai Zhenhong which holds 99.0% shareholding of Shanghai Jiuyi, 48.99% of the partnership interest of Shanghai Feihuan which holds 99.0% shareholding of Shanghai Tianhong. After April 30, 2020, under our Type II Arrangements, we have transferred to the lender 48.95% of the partnership interest of Shanghai Zhenchong which holds 99.0% shareholding of Shanghai Ganglai. We cannot assure you that such lender will not eventually control Shanghai Zhenhong, Shanghai Jiuyi, Shanghai Feihuan, Shanghai Tianhong, Shanghai Zhenchong, Shanghai Ganglai and/or the underlying project companies. Should we lose control of these companies, our business, financial condition and results of operations could be affected as these lenders may have economic or business interests or goals or philosophies that are inconsistent with ours.

There are also uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBRC pursuant to the Rules Governing Trust Financing Companies (《信託公司管理辦法》), effected on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with the relevant notices and regulations promulgated by the CBRC. There can be no assurance that the PRC Government will not implement additional or more stringent requirements with regard to trust financing companies. This could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our deferred income tax assets may not be recovered, which could adversely affect our results of operations.

As of December 31, 2017, 2018 and 2019, our deferred income tax assets amounted to RMB26.8 million, RMB19.4 million and RMB151.2 million, respectively, which mainly represented the temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilization may be different. For details on the movements of our deferred income tax assets during the Track Record Period, please refer to Note 16 to the Accountant's Report in "Appendix I" to the prospectus. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred income tax assets. Furthermore, we cannot predict any future movements in our deferred income tax assets and to what extent they may affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operation.

RISK FACTORS

We rely on third-party contractors and any failure by these contractors to provide satisfactory services, our reputation, business, financial condition and results of operations may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, including project design, construction, equipment installation, elevator installation and landscaping. For the three years ended December 31, 2019, the aggregate costs we incurred in respect of services provided by third-party contractors amounted to RMB844.4 million, RMB840.6 million and RMB2,550.2 million respectively. We may select third-party contractors through a tender process and we endeavor to engage companies with a reputation and track record, performance reliability and adequate financial resources. Our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently apply our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party service providers or contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

We provide guarantees over mortgage loans given by banks to purchasers of our properties, which may negatively impact our financial position if we are required to honor the guarantees.

We have arranged bank financing for certain purchasers of our Group's properties and provided guarantees to secure obligation of such purchasers for repayments. Such guarantees will generally terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by purchasers of properties.

In line with industry practice, we do not conduct independent credit reviews of our customers but rely on the credit reviews conducted by the mortgagee banks. As of December 31, 2017, 2018 and 2019, our outstanding guarantees over mortgage loans of our customers amounted to RMB885.7 million, RMB1,615.7 million and RMB3,294.0 million, respectively. Our Directors confirm that we did not experience any material default on mortgage during the Track Record Period and we were not required to make any payment in respect of any default incident which materially and adversely affected our business as a whole. Please refer to "Business — Payment Arrangements" in this prospectus for further information.

In the event of a significant depreciation in the market value of the underlying properties, the purchasers may refuse to continue paying the mortgages and the banks may require us to repurchase the underlying properties in order to discharge our obligations as guarantor. We may resell the properties but may not be able to achieve a sale price sufficient to cover the shortfall between the market value of the properties and the amounts guaranteed by us. This could have a material adverse effect on our business, results of operations and financial position. We cannot assure you that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, results of operations and financial position could be materially and adversely affected.

RISK FACTORS

The illiquidity of investment properties and the lack of alternative uses of investment properties may significantly limit our ability to respond to adverse changes in the condition of our investment properties.

Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover we may also need to incur capital expenditure to manage and maintain our properties or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all. In addition, if we sell an investment property during the term of that property's management agreement or tenancy agreement, we may have to pay termination fees to our retail tenants.

Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, investment properties may not be readily converted to alternative uses, 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 we will possess the necessary approvals and sufficient fund to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could affect our ability to compete against our competitors and our results of operations.

Certain portions of our property development projects and investment properties are designated as civil air defense properties.

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. According to the PRC Civil Air Defense Law (《中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 the 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 Office of Civil Air Defense of the People's Republic of China 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 in times of peace and make profit therefrom.

During the Track Record Period, certain such areas are used as car parks. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks. In addition, we cannot assure you that such laws and regulations will not be amended in the future, which may make it more burdensome for us to comply with and increase our compliance cost. We confirm that as of the Valuation Date, we had 19 completed civil air defense areas within our completed projects with an aggregate GFA of 146,790 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

RISK FACTORS

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

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our subsidiaries in China. We will be financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

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 subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, the PRC subsidiaries may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities, to which they may be subject. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct business.

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

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

Our business is heavily dependent on the market recognition of our “港龍” “Ganglong” brand name and reputation of our Directors, senior management team and other key personnel. 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 “港龍” “Ganglong” brand name and reputation of our Directors, senior management team and other key personnel to attract potential customers. Any negative incident or negative publicity concerning us or our properties or our Directors, senior management team and other key personnel may materially and adversely affect our reputation, financial position and business, results of operations.

RISK FACTORS

We believe that we have built an excellent reputation in our markets for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, business, financial condition and results of operations. Brand value, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that damage 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 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 condition and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. As a result, we could be subject to trademark disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo. In addition, any unauthorized use or inappropriate use of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. If we are unable to preserve, sustain or strengthen our reputation and brand recognition or our reputation is damaged, we may not be able to maintain our business reputation and pace of development, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Historically, we experienced certain non-compliance incidents during the Track Record Period. During the Track Record Period, amongst other things, Ganglong Huayang changed the use of RMB converted from foreign currency-denominated capital without approval. On November 2, 2018, Changzhou division of the SAFE issued a decision letter to Ganglong Huayang with respect to the administrative penalty with a fine of RMB1.28 million imposed for the said non-compliance. For details of the non-compliance incidents of our Group, please refer to “Business — Compliance with Laws and Regulations — Non-compliance incidents during the Track Record Period” in this prospectus. We were subject to penalties or ordered to rectify such non-compliances, as the case may be. As of the Latest Practicable Date, we had paid all the penalties. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

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

We are subject to a variety of laws and regulations concerning the protection of health and the environment and preservation of antiquities and monuments which imposes. Compliance with such laws and regulations may result in delays in our construction work, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. Please refer to “Business — Environmental matters” in this prospectus for further details. As required by PRC laws and regulations, property projects in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document

RISK FACTORS

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 the record. If we fail to meet such requirements, the local authorities may impose a penalty up to RMB50,000.

We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of 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.

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

Pursuant to the Administrative Measures for Commodity Housing Leasing (商品房屋租賃管理辦法), parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we leased 211 properties mainly for our staff dormitory and office premises and failed to register 193 lease agreements as the tenant. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional 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 party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

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

We do not maintain any insurance policies for our property development projects, and we do not maintain property insurance specifically for our properties held for investment. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. Furthermore, we do not maintain insurance covering construction-related property damage or personal injuries of third parties.

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

RISK FACTORS

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 or other third parties, and may face significant liabilities as a result.

We have during the Track Record Period 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 and tenants. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments.

During the Track Record Period, we were not involved in any lawsuit that have a material adverse effect on our business, financial condition and results of operations. However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

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

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

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

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

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

RISK FACTORS

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

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisements concerned and eliminate adverse effects by publishing notice in the same media or in media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosure, advertisements, filings and publications; may deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations.

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

We may be subject to or associated with negative publicity, including those on the Internet, with respect to our corporate affairs and conduct related to our personnel, the real estate market we operate or intend to operate. We may also be subject to negative reports or criticisms by various media. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Nonetheless, any negative coverage, whether or not related to us or our related parties and regardless of truth or merit, may have an impact on our brand and reputation and, consequently, may undermine the confidence of our customers and investors in us, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

The costs of options to be granted under the Share Option Scheme may negatively affect our results of operations and any exercise of the options granted will result in dilution to our Shareholders.

We have adopted the Share Option Scheme pursuant to which we will in the future grant to, among others, our employees options to subscribe to Shares. Such options if granted and exercised in full will represent up to a maximum of 10% of our issued share capital immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. The fair value of the options at the date of which they are granted, with reference to the valuer's valuation will be charged as share-based compensation which may have a negative effect on our results of operations. Issuance of Shares for the purpose of satisfying any options granted under the Share Option Scheme will increase the number of Shares in issue after such issuance, and thus will result in the dilution to the percentage of ownership of our Shareholders, the earnings per Share and the net asset value per Share. For details of the Share Option Scheme, please refer to "Appendix V — Statutory and General Information — E. Other Information — 12. Share option scheme" in this prospectus.

RISKS RELATING TO OUR INDUSTRY

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

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

- strictly enforcing the idle land-related laws and regulations;

RISK FACTORS

- restricting the grant or extension of revolving credit facilities to property developer that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio lower than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.
- controlling the supply of residential property sales by adopting lots drawing policy in certain cities;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second and more residential properties and imposing property purchase restrictions on non-local residents who cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property and raising interest rates of such loans.

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

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 26, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second and more residential property. If the property price increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second and more properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aiming at promoting affordable housing and discouraging speculative investments in residential properties were announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

RISK FACTORS

The PRC Government has eased certain restrictive measures starting in the third quarter of 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventories. However, such measures have resulted signs of overheating in the property markets in first-tier and certain second-tier cities. As a response, in certain first-tier and second-tier cities including Shanghai, Shenzhen, and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second and more residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by real estate developers during a year. In 2015, the PRC Government raised percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, where an individual sells a property purchased within two years business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two year ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies have been further refined.

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

Local governments in Changzhou and certain other cities have introduced further policies to restrain property purchases for speculative purposes and prevent property prices from rising too quickly. Such policies include raising the percentage of down payment of the purchase price from 30% to 50%, strengthening the tax levy on the sales proceeds for second-hand transfer of residential properties, and strictly restricting selling properties owned for less than two years. On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the *Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply* (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build inspection systems to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

There is no assurance that the PRC Government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

RISK FACTORS

We face intense competition, which may materially and adversely affect our business, financial performance and results of operation.

The property market in Changzhou and other parts of the Yangtze River Delta Region has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the region where we have operations and those which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, in particular financial resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO THE PRC

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

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC; (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies; (iii) measures which may be introduced to control inflation or deflation; (iv) changes in the rate or method of taxation; and (v) imposition of additional restrictions on currency conversion and remittances abroad.

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. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing 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

RISK FACTORS

policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect. The PRC may not accord equivalent rights, or protection for such rights, to those that you might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications and interpretations. 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 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, certain courts may refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

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 an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market by, among other things, reducing the demand for commercial and residential properties resulting in the reduction of property prices; adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. 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 austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in 2017, 2018 and 2019 than in previous years, with a yearly real GDP growth of 6.9%, 6.6% and 6.1% 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.

RISK FACTORS

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 to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to 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 filing or registration procedures, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.

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

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. The value of the Renminbi depreciated against the U.S. Dollar by 4.8%, 6.2%, 5.3% and 1.4% in 2015, 2016, 2018 and 2019 respectively, but appreciated against the U.S. Dollar by 6.7% in 2017. 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 we will 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 the 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 businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the *Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies* (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "Circular 13"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to

RISK FACTORS

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.

The PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC.

On May 11, 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors (外國投資者境內直接投資外匯管理規定), which became effective on May 13, 2013. Such provisions stipulate, among other things, (i) that institutions and individuals involved in domestic direct investment shall register with the SAFE and its branch offices and banks shall provide the relevant domestic direct investment service in accordance with the registration information filed with the foreign exchange authorities; and (ii) that any capital modification of foreign-invested enterprises, such as capital increase or decrease or equity transfer, shall be filed modification registration with the foreign exchange authorities. These regulations effectively restrict our ability to fund our PRC subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require registration through the integrated foreign investment management system, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. There can be no assurance that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

Our investments in the PRC are subject to the PRC Government's control over foreign investment in the property sector.

The PRC government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

The implementation of the EIT Law may significantly increase our income tax expenses.

On March 16, 2007, the PRC National People's Congress, Chinese national legislature, adopted a new tax law, the EIT Law, which became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council issued the Implementation Regulations of the *PRC Enterprise Income Tax Law* (the "Implementation Regulations"), which became effective on January 1, 2008 and amended on April 23, 2019.

Under the EIT Law and Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to a tax treaty between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

RISK FACTORS

We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, commencing January 1, 2008, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Regulations for the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular, amended in December 2017, to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will explain the regulation. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation regulations.

We face uncertainty 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, amended on December 1, 2017 and December 29, 2017 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 to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of 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, 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.

RISK FACTORS

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

The *Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “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 a local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “Offshore SPV”) that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV’s registered capital, share transfer or swap, merger or division. We cannot assure that all of our shareholders who are PRC Residents will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. Failure to comply with the registration procedures of the SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV’s Chinese subsidiary to distribute dividends to its overseas parent.

Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that we 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 ranges from 40 years to 70 years depending on the land use purpose. 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 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 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 for our investment properties has, as of the Latest Practicable Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which we will have to pay and any additional conditions which may be imposed if we decide to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be 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 of any of our investment properties, our operations could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Natural disasters, acts of war, occurrence of epidemics, such as COVID-19, and other disasters could affect our business and the national and regional economies in the PRC.

Our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, outbreaks of health epidemics, such as avian influenza and severe acute respiratory syndrome (SARS), COVID-19 and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, the Ebola virus, the Zika virus, as well as terrorist attacks, other acts of violence or war or social instability in the regions in which we operate or those generally affecting China. For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region.

Also, during the outbreak of diseases or epidemic, the development schedule of our property projects may be affected due to closure or suspension of the construction sites, or we may encounter interruption in the supply of construction materials from our suppliers or experience difficulties in engaging subcontractors and may be required to suspend our business operations temporarily. As a result, we may experience a delay in the overall progress of our property projects. The recent outbreaks of COVID-19 in the PRC had caused a delay of the pre-sale, expected completion date and delivery of certain of our property projects. For details, please see “Summary — Recent developments — Impact of outbreak of COVID-19”.

Further, outbreak of diseases or other epidemic or a general apprehension of such outbreaks might have short term impact on the industry. The overall confidence and interest of the customers or investors in the property market in the PRC will be affected which in turn will affect our future growth.

Any of the above may cause material disruptions to our operations, which in turn may materially and adversely affect our financial condition and results of operations. If any of these occurs, our facilities may suffer damage or be required to temporarily or permanently close and our business operations may be suspended or terminated. Our employees and staff may also be negatively affected by such events. In addition, any of these could adversely affect the PRC economy and demographics of the affected region. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

We cannot assure you as to whether and when we will pay dividends in the future.

For the three years ended December 31, 2019, our Group declared and paid dividend of RMB6.7 million, RMB92.0 million and nil to our then equity holders. No dividend has been declared or paid by our Company to the equity shareholders of our Company during the Track Record Period. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, and the amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. See “Financial Information — Dividend”.

RISKS RELATING TO THE GLOBAL OFFERING

Possible setting of the Offer Price after making a Downward Offer Price Adjustment.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at 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\$3.24 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\$3.24, the estimated net proceeds we will receive from the Global Offering will be reduced to HK\$1,198.0 million and such reduced proceeds will be used as described in the section headed “Future Plans and Use of Proceeds — Use of proceeds”.

RISK FACTORS

There has been no prior public market for our Shares before the Listing and the liquidity and market price of our Shares following the Listing may be volatile.

Before the Listing, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, which may differ from the market prices of our Shares after the Listing. Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for our Shares following the Listing. Following the Global Offering, our Shares may be traded in the public market below the Offer Price. The volume and price at which our Shares will be traded are affected by a number of factors, including (i) changes in senior management; (ii) changes in laws and regulations in the PRC; (iii) general economic conditions in the PRC; and (iv) market perception of our prospects. We cannot assure you that the market price of our Shares will not decline below the Offer Price.

A sale or the expectation of a sale of Shares by our existing Shareholders may have a material adverse effect on our Share price.

Future sale of a substantial number of our Shares by our existing Shareholders after the Listing could materially and adversely affect market prices of our Shares prevailing from time to time. Future sale of substantial amounts of our Shares, including future offerings, or the perception that such sale is likely to occur may also materially and adversely affect the prices of our Shares and our ability to raise capital.

Immediately after the Listing, only a limited number of the Shares currently outstanding will be available for sale as our Controlling Shareholders are subject to a lock-up period. Please refer to “Underwriting — Underwriting arrangements and expenses — Hong Kong public offering — Undertakings by our Controlling Shareholders” in this prospectus for further details. While we are not aware of any intentions of our current Shareholders to dispose of significant amounts of their Shares upon lapse of the lock-up periods, we are not in a position to give any assurance that such disposal will not occur. Future sale of a substantial number of our Shares, or the perception that such sale may occur, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the Offer Shares

The Offer Price will be determined on the Price Determination Date. The Offer Shares will not commence trading on the Stock Exchange until the Listing Date. Investors may not be able to sell or otherwise deal in our Shares during this period between the Price Determination Date and the Listing Date. Accordingly, holders of our Shares bear the risk that the prices of our Shares could fall before trading begins and may be lower than the Offer Price due to adverse market conditions or other adverse developments which may occur between the Price Determination Date and the Listing Date.

The Controlling Shareholders have substantial control over us and their interests may not be aligned with the interests of the other Shareholders.

Immediately following the Listing, the Controlling Shareholders will continue to have substantial control over us. The Controlling Shareholders, by virtue of the controlling beneficial ownership of our share capital, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

RISK FACTORS

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.

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 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 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.

Certain facts and statistics in this prospectus relating to the PRC and global economy and the PRC property market may not be fully reliable.

Certain facts and statistics in this prospectus relating to the PRC, the PRC and global economy, the PRC property market have been derived from various official government publications that we generally believe to be reliable. However, there can be no assurance that the quality or reliability of these materials. While the Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us or the Underwriters or any of our or their respective affiliates or advisors and, therefore, no representation is made as to the accuracy of these facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC property market contained in this prospectus.

RISK FACTORS

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

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

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

This prospectus contains certain statements that are “forward-looking” and uses forward looking terminology such as “anticipate,” “believe,” “expect,” “may,” “plan,” “consider,” “ought to,” “should,” “would” and “will.” Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statement involves risk 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. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other 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. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which is part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms contain 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 us or any of the Relevant Persons.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, subject to the agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date. The Global Offering is managed by the Joint Global Coordinators. 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 or about the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 3, 2020 and, in any event, not later than Monday, July 13, 2020, or such other date as agreed between parties. The Offer Price will be no more than HK\$4.10 per Offer Share and is currently expected to be no less than HK\$3.60 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Monday, July 13, 2020, or such other date as agreed between parties between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Please refer to “Underwriting — Underwriting Arrangements and Expenses” in this prospectus for further details of the Underwriter(s) and the underwriting arrangements.

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 a 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

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

Each person acquiring the Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers and sales 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.

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 in issue and to be issued by us pursuant to (i) the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that were granted or may be granted under our Share Option Scheme.

No part of equity or debt securities of our Company is listed on or dealt in on any other stock exchange and, except for the application for the Listing of our Shares on the Stock Exchange, 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 or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the 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 is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. 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.

SHARE REGISTRAR AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Harneys Fiduciary (Cayman) Limited, in the Cayman Islands, and our register of members in Hong Kong will be maintained by the Hong Kong Share Registrar in Hong Kong.

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal registrar in the Cayman Islands.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong Share Register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

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 the Relevant Persons accepts responsibility for the tax effects or liabilities resulting from your subscription for, purchase, holding, disposal of, or dealing in our Shares.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering".

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

COMMENCEMENT OF DEALINGS IN OUR SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 15, 2020, it is expected that dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 15, 2020. Shares will be traded in board lots of 1,000 Shares each.

The stock code of our Shares is 6968.

Our Company will not issue any temporary documents of title.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB, Hong Kong dollars and U.S. dollars have been translated into other currencies in this prospectus, for the purpose of illustration only, at the following exchange rates as of the Latest Practicable Date:

RMB1.00:HK\$1.0930;

US\$1.00:RMB7.0913; and

US\$1.00:HK\$7.7499.

These translations are provided for reference and convenience only, no representation is made that any amounts in RMB, Hong Kong dollars and U.S. dollars were or could have been or could be converted into each other at such rates or any other exchange rates on such date or any other date.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

ROUNDING

Amounts and percentage figures, including share ownership, GFA and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

DISCLAIMER ABOUT MAPS

All maps in this prospectus are provided only for illustrative purposes and are not drawn to scale. Neither are they intended to accurately show the size or exact location of our property development projects or of the labeled or otherwise indicated sites or districts, nor do they provide exhaustive or precise information on all sites located within the area of the maps.

WEBSITE

The contents of any websites mentioned in this prospectus do not form a part of this prospectus.

LANGUAGE

If there is any inconsistency between this English prospectus and the Chinese translation of this English prospectus, this English prospectus shall prevail. The asterisk (*) denotes English translation of a name of a Chinese company, entity or enterprise, or vice versa, and is provided for identification purposes only. Any inconsistency between the Chinese names of any of the companies, entities or enterprises mentioned in this prospectus and their English translations, the Chinese names shall prevail.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Lui Wing Wai (呂永懷) (Chairman of the Board)	Flat A, 9/F, Tower 5 Providence Bay 5 Fo Chun Road Tai Po, N.T. Hong Kong	Chinese
Mr. Lui Chi Chung, Jimmy (呂志聰)	Flat H, 36/F, Block 8 Royal Ascot 1 Tsun King Road Fo Tan, N. T. Hong Kong	Chinese
Mr. Lui Jin Ling (呂進亮)	Flat E, 33/F., Block 8 Royal Ascot 1 Tsun King Road Fo Tan, N. T. Hong Kong	Chinese
<i>Non-executive Directors</i>		
Mr. Lui Wing Nam (呂永南)	Flat E, 37/F., Block 7 Royal Ascot 1 Tsun King Road Fo Tan, N. T. Hong Kong	Chinese
Mr. Lui Wing Mau (呂永茂)	Flat F, 42/F., Block 3 Royal Ascot 1 Tsun King Road Fo Tan, N. T. Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Wan Ho Yin (溫浩然)	Flat A, 4/F, Block 37 Mei Foo Sun Chuen 37 Broadway Stage 2 Kowloon Hong Kong	Chinese
Mr. Guo Shaomu (郭少牧)	28/F, Block 31 Baguio Villa 550 Victoria Road Pok Fu Lam Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Ms. Tang Lo Nar (鄧露娜) 2/F, Block A Chinese
186 Fuk Hing Tsuen
Wang Chau, Yuen Long
New Territories
Hong Kong

Further information is disclosed in the section headed “Directors, Senior Management and Employees” in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

WAG Worldsec Corporate Finance Limited
Suite 1101, 11/F, Champion Tower
3 Garden Road
Central
Hong Kong

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Huajin Securities (International) Limited
Suite 1101, 11/F, Champion Tower
3 Garden Road
Central
Hong Kong

CRIC Securities Company Limited
Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

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

Joint Bookrunners and Joint Lead Managers

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong
(in the capacity as a Joint Bookrunner only)

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong
(in the capacity as a Joint Lead Manager only)

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

AMTD Global Markets Limited
23/F-25/F Nexus Building
41 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Emperio Securities And Assets Management Limited
20/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

First Shanghai Securities Limited
19/F & Room 2505-10
Wing On House
71 Des Voeux Road Central
Hong Kong

Zhongtai International Securities Limited
19/F Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

Soochow Securities International Brokerage Limited
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

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

Yue Xiu Securities Company Limited
1003-1005
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Joint Lead Managers

Victory Securities Company Limited
Room 1101-3, 11/F.
Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

Bradbury Securities Limited
5106-07, 51/F
The Center
99 Queen's Road Central
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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to the Company

As to Hong Kong law
CFN Lawyers in association with Broad & Bright
27th Floor, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

As to PRC law
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing 100025
China

As to Cayman Islands law
Harney Westwood & Riegels
3501 The Center
99 Queen's Road Central
Hong Kong

Legal Advisers to the Sole Sponsor and the Underwriters

As to Hong Kong law
Eric Chow & Co.
in Association with Commerce & Finance Law Offices
29/F, 238 Des Voeux Road Central
Hong Kong

As to PRC law
Zhong Lun Law Firm
23/F, R&F Center
10 Huaxia Road
Pearl River New Town
Tianhe District
Guangzhou
PRC

Reporting Accountant and Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F Prince's Building
Central
Hong Kong

Property Valuer

Cushman & Wakefield Limited
16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Market Consultant

Cushman & Wakefield Limited
16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

Receiving Bank

Bank of China (Hong Kong) Limited
1 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

Headquarters	6/F Alibaba Shanghai Center No. 1-4, Lane 1398 Shenchang Road Minhang District Shanghai China
Principal Place of Business in Hong Kong	Room 1003-1004, 10/F Shanghai Industrial Investment Building 48-62 Hennessy Road Hong Kong
Registered Office in the Cayman Islands	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street, P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Company Website	www.glchina.group (the information contained on the website does not form part of this prospectus)
Company Secretary	Mr. Lam Yu Tin Eugene, <i>certified public accountant</i> Room 1003-1004, 10/F Shanghai Industrial Investment Building 48-62 Hennessy Road Hong Kong
Authorized Representatives	Mr. Lui Jin Ling Flat E, 33/F., Block 8 Royal Ascot Fo Tan, N. T. Hong Kong Mr. Lam Yu Tin Eugene Room 1003-1004, 10/F Shanghai Industrial Investment Building 48-62 Hennessy Road Hong Kong
Audit Committee	Mr. Wan Ho Yin (<i>Chairman</i>) Mr. Lui Wing Nam Mr. Guo Shaomu Ms. Tang Lo Nar
Remuneration Committee	Mr. Guo Shaomu (<i>Chairman</i>) Mr. Wan Ho Yin Ms. Tang Lo Nar
Nomination Committee	Mr. Lui Wing Wai (<i>Chairman</i>) Mr. Wan Ho Yin Mr. Guo Shaomu Ms. Tang Lo Nar

CORPORATE INFORMATION

Principal Share Registrar and Transfer Office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street, P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Hong Kong Share Registrar and Transfer Office	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Advisor	WAG Worldsec Corporate Finance Limited Suite 1101, 11/F, Champion Tower 3 Garden Road Central Hong Kong
Principal Bankers	China Zheshang Bank, Changzhou Branch Ganglong Commercial Plaza No.18, Tongjiang South Road Changzhou Jiangsu China China Construction Bank, Changshu Branch No.34, Haiyu North Road Changshu, Jiangsu China Bank of China, Lianyungang, Xinpu Sub-branch No. 46, Haichang North Road Xinpu District Lianyungang Jiangsu China Bank of China, Hangzhou, Yuhang Sub-branch No.1, Century Avenue Nanyuan Sub-district Yuhang District Hangzhou, Zhejiang China

INDUSTRY OVERVIEW

This section contains certain information, statistics and data which are derived from official government publications and industry sources as well as a commissioned report from C&W, an Independent Third Party. The information from official government publications and the Industry Report may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information has not been independently verified by the Relevant Persons and no representation is given as to its accuracy. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We commissioned the Industry Report from C&W relating to the economy of the PRC, the residential and retail property markets of Nanjing, Changshu, Changzhou, Huai'an, Jiangyin, Lianyungang, Nantong, Taizhou, Yancheng, Yixing and Zhangjiagang in Jiangsu Province, Hangzhou, Huzhou, Jiaxing and Shaoxing in Zhejiang Province, Shanghai, Luoyang in Henan Province, and Liupanshui in Guizhou Province in which our Group operates. C&W has charged a total fee of HK\$780,000 for the preparation of the Industry Report.

C&W is a global real estate adviser, which offers a range of services including investment agency, leasing agency, property and facilities management, project and building consultancy, investment and asset management, market research and forecasting and valuation. C&W has 400 offices in 70 countries.

For the listing, C&W also serves as our Company's independent property valuer. C&W provided services through its independent valuation team and independent market research team. The Industry Report was prepared primarily by the designated market research team of C&W based on data from the PRC government, renowned research institutions and the proprietary databases of C&W. In the course of research, C&W conducted interviews with local marketing agents in the property sector.

The following sets out the main reasons why C&W adopted the above sources of information and considered them as reliable:

- it is general market practice to adopt official data and announcements from various Chinese government agencies; and
- C&W understands the data collection methodology and source of the subscribed database from China Real Estate Index System.

While preparing the Industry Report, we have relied on the major assumptions listed below:

- the macro-economic environment of each of the PRC, Jiangsu, Zhejiang, Henan and Guizhou Provinces, and Shanghai is expected to grow at a steady rate;
- the political environment of the PRC remains stable; and
- the real estate industry of each of the PRC, Jiangsu, Zhejiang, Henan and Guizhou Provinces, and Shanghai is expected to grow at a steady rate.

Our Directors confirm that to the best of their knowledge and information and taking reasonable care, there is no adverse change in the market information since the date of the Industry Report, which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE PRC ECONOMY

In recent years, the PRC's economy has experienced a steady growth with a softening trend, due to the influence of various macro-economic policies. The table below sets out selected economic indicators of the PRC for the years indicated.

INDUSTRY OVERVIEW

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Nominal GDP (RMB billion)	56,885	63,646	67,671	74,413	82,712	90,031	99,087	9.7%
Real GDP growth (%)	7.7%	7.4%	6.9%	6.7%	6.9%	6.6%	6.1%	–
Nominal GDP per capita (RMB) . .	41,805	46,531	49,229	53,817	59,660	66,006	70,892	9.2%
Urban disposable income per capita (RMB)	26,467	28,843	31,195	33,616	36,396	39,251	42,359	8.2%
Fixed asset investment (RMB billion)	44,630	51,276	56,200	60,647	64,124	64,568	56,087	3.9%

Sources: China Statistical Yearbook 2019, National Bureau of Statistics, C&W

OVERVIEW OF THE PRC PROPERTY MARKET

Under the growth of the PRC's economy, domestic investment and consumption, the PRC property market has been growing rapidly in recent years. Both the residential property market and the retail property market have experienced notable growth. The table below sets out selected indicators of the property market of the PRC for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total real estate investment (RMB billion)	8,601	9,504	9,598	10,258	10,980	12,026	13,219	7.4%
Residential								
Real estate residential investment (RMB billion)	5,895	6,435	6,460	6,870	7,515	8,519	9,709	8.7%
Total GFA of commodity residential properties sold (million sq.m.)	1,157	1,052	1,124	1,375	1,448	1,479	1,501	4.4%
ASP of commodity residential properties (RMB per sq.m.)	5,850	5,933	6,473	7,203	7,614	8,544	9,287	8.0%
Retail								
Real estate retail investment (RMB billion)	1,194	1,435	1,461	1,584	1,564	1,418	1,323	1.7%
Total GFA of retail properties sold (million sq.m.)	85	91	93	108	128	120	102	3.1%
ASP of retail properties (RMB per sq.m.)	9,777	9,817	9,566	9,786	10,323	11,151	10,952	1.9%

Sources: China Statistical Yearbook 2019, National Bureau of Statistics, C&W

KEY DRIVERS OF THE PRC PROPERTY MARKET

The prominent growth drivers of the PRC property market are urbanization and the growth of urban population. Over the past 10 years, the urbanization rate in the PRC increased by approximately 1% to 1.5% annually, reaching 60.6% in 2019. An increase of 1.0% represents an increase of approximately 14 million rural people migrating into urban areas, which generates substantial housing demand and increases consumption levels in urban areas in the PRC. Moreover, according to notice of “New Type Urbanization Construction and Urban-Rural Integration Development in 2020” (《2020年新型城镇化建設和城鄉融合發展重點任務》) issued by The National Development and Reform Commission on April 3, 2020, measures such as emphasizing small town development, improving integrated transportation network, enhancing public service level, etc., would be carried out to increase the level and quality of China's urbanization in the future. The table below sets out selected indicators of urbanization of the PRC for the years indicated.

INDUSTRY OVERVIEW

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Population (million)	1,361	1,368	1,375	1,383	1,390	1,395	1,400	0.5%
Urban population (million)	731	749	771	793	813	831	848	2.5%
Urbanization rate (%)	53.7%	54.8%	56.1%	57.3%	58.5%	59.6%	60.6%	–

Sources: China Statistical Yearbook 2019, National Bureau of Statistics, C&W

The nineteen city clusters included in the Thirteenth Five-Year Plan, which accounted for more than 90% of the national GDP, have witnessed the most significant population growth and urbanization across the PRC. Strengthened coordination among these clustered territories helps enhance social and economic development, and as a result, fuels the growth of the economy and the regional property markets.

Historical Price Trend of Construction Material And Land Costs

The prices of construction materials and land are important cost factors in property development projects. The prices of major construction materials in the PRC such as cement and steel were subject to market fluctuation and volatility, whereas the average land prices had been growing rapidly from 2013 to 2018 at a CAGR of approximately 16.7%. The table below sets out the price indexes of construction raw materials and average land price of the PRC for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2018 CAGR
Construction materials								
price index	101.0	101.8	98.9	99.1	105.1	110.3	N/A ⁽¹⁾	1.8%
Cement price index	98.6	100.7	96.7	96.7	106.8	110.9	N/A ⁽¹⁾	2.4%
Steel price index	94.1	94.9	88.1	96.3	120.7	110.0	N/A ⁽¹⁾	3.2%
Average land premium								
(RMB per sq.m.)	2,555.3	3,001.5	3,341.2	4,144.9	5,348.6	5,525.4	N/A ⁽¹⁾	16.7%

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: National Bureau of Statistics, C&W

OVERVIEW OF THE ECONOMY AND THE RESIDENTIAL PROPERTY MARKETS OF SELECTED LOCATIONS IN JIANGSU PROVINCE

Jiangsu Province is located in the east coast of the PRC with a total area of approximately 102,600 sq.km. and a population of approximately 80.7 million as of 2019. The economy of Jiangsu Province has been developing steadily in recently years. Its nominal GDP increased annually between 2013 and 2019 at a CAGR of 8.9%, reaching RMB9,963.5 billion in 2019, reflecting broad-based growth momentum.

The residential property market in Jiangsu Province has also been growing in recent years. In respect of demand for residential properties, a total GFA of approximately 125.5 million sq.m. of primary commodity residential properties were sold in Jiangsu Province in 2019, representing a CAGR of 3.5% from 2013 to 2019, whereas the ASP increased from approximately RMB6,650 per sq.m. in 2013 to approximately RMB10,542 per sq.m. in 2018 at a CAGR of 9.7%. The economy and the residential property market of selected locations in Jiangsu Province where our Group has operations are discussed in the following.

Nanjing

Nanjing is the capital of Jiangsu province, located in the lower reaches of the Yangtze River and bounded by the East China Sea, to the northwest of Shanghai with a total area of approximately 6,587 sq.km. and a population of approximately 8.5 million in 2019. The nominal GDP of Nanjing was approximately RMB1,403 billion in 2019, representing an increase of approximately 9.4% from 2018.

INDUSTRY OVERVIEW

The residential property market in Nanjing has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 9.8% from 2013 to 2019. The demand for new commodity residential properties in Nanjing is dominated by demand for basic housing and investment. The table below sets out selected indicator of the residential property market of Nanjing for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	11.4	11.3	14.3	14.1	12.1	9.9	11.4	-0.1%
ASP of commodity residential properties (RMB per sq.m.)	11,080	10,962	11,262	17,888	15,258	19,740	19,432	9.8%

Sources: Nanjing Statistical Yearbook 2019, Nanjing Statistical Bureau, C&W

Changshu

Changshu is a county-level city administered by Suzhou in Jiangsu Province located in the lower reaches of the Yangtze River with a total area of approximately 1,264 sq.km. and a population of approximately 1.5 million as of 2019. The nominal GDP of Changshu was approximately RMB240.0 billion in 2018, representing an increase of approximately 4.8% from 2017. There was an increase in urbanization rate from approximately 65.1% in 2013 to approximately 69.7% in 2019.

The residential property market in Changshu has recorded moderate growth in recent years mainly attributed to the increase of GFA of commodity residential properties with a CAGR of 7.4% from 2013 to 2019. The demand for new commodity residential properties in Changshu is dominated by fundamental demand. The table below sets out selected indicators of the residential property market of Changshu for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.5	1.3	1.3	1.9	1.7	1.5	2.3	7.4%
ASP of commodity residential properties (RMB per sq.m.)	9,847	8,700	9,290	9,596	12,530	13,000	N/A ⁽¹⁾	5.7% ⁽²⁾

Notes: (1) Such data was not available from the sources as of the Latest Practicable Date.

(2) CAGR was calculated based on information from 2013 to 2018.

Sources: Changshu Statistical Yearbook 2019, Changshu Statistical Bureau, C&W

Changzhou

Changzhou is a prefecture-level city in southern Jiangsu Province with an area of approximately 5,385 sq.km. and a population of approximately 4.74 million as of 2019. The nominal GDP of Changzhou increased from approximately RMB436.1 billion in 2013 to approximately RMB740.0 billion in 2019, at a CAGR of approximately 9.2%. There was also an increase in urbanization rate from approximately 67.5% in 2013 to approximately 73.3% in 2019.

The residential property market in Changzhou has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 13.1% from 2013 to 2019. The demand for new commodity residential properties in Changzhou comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Changzhou for the years indicated.

INDUSTRY OVERVIEW

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	7.7	6.8	6.7	8.1	8.3	6.7	7.6	-0.2%
ASP of commodity residential properties (RMB per sq.m.)	6,575	6,167	6,240	7,143	9,626	12,323	13,748	13.1%

Sources: Changzhou Statistical Yearbook 2019, Changzhou Statistical Bureau, C&W

Huai'an

Huai'an is a prefecture-level city in Jiangsu Province located in the east of Hongze Lake with an area of approximately 10,072 sq.km. and a population of approximately 4.9 million as of 2019. The nominal GDP of Huai'an increased from approximately RMB221.6 billion in 2013 to approximately RMB387.1 billion in 2019, at a CAGR of approximately 9.7%. There was also an increase in urbanization rate from approximately 55.1% in 2013 to approximately 63.5% in 2019.

The residential property market in Huai'an has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 7.6% from 2013 to 2019. The demand for new commodity residential properties in Huai'an is dominated by a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Huai'an for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	7.5	5.4	6.1	7.5	7.3	8.3	7.4	-0.3%
ASP of commodity residential properties (RMB per sq.m.)	4,123	4,505	4,615	4,477	5,430	6,202	6,402	7.6%

Sources: Huai'an Statistical Yearbook 2019, Huai'an Statistical Bureau, C&W

Jiangyin

Jiangyin is a county-level city administered by Wuxi on the southern bank of the Yangtze River in Jiangsu Province with an area of approximately 987.5 sq.km. and a population of approximately 1.7 million as of 2019. The nominal GDP of Jiangyin increased from approximately RMB270.6 billion in 2013 to approximately RMB400.1 billion in 2019, at a CAGR of approximately 6.7%.

The residential property market in Jiangyin has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 10.7% from 2013 to 2019. The demand for new commodity residential properties in Jiangyin is dominated by a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Jiangyin for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.9	1.6	1.8	2.2	2.9	2.9	2.7	6.4%
ASP of commodity residential properties (RMB per sq.m.)	5,677	6,156	6,736	7,042	7,869	8,621	10,440	10.7%

Sources: Jiangyin Statistical Yearbook 2019, Jiangyin Statistical Bureau, C&W

INDUSTRY OVERVIEW

Lianyungang

Lianyungang is a prefecture-level city in north-eastern Jiangsu Province with an area of approximately 7,614 sq.km. and a population of approximately 4.5 million as of 2019. The nominal GDP of Lianyungang increased from approximately RMB178.5 billion in 2013 to approximately RMB313.9 billion in 2019, at a CAGR of approximately 9.9%. There was also an increase in urbanization rate from approximately 55.7% in 2013 to approximately 63.6% in 2019.

The residential property market in Lianyungang has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 8.0% from 2013 to 2019. The demand for new commodity residential properties in Lianyungang comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Lianyungang for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	4.3	3.0	4.2	5.0	6.1	5.3	5.3	3.7%
ASP of commodity residential properties (RMB per sq.m.)	4,386	4,637	4,950	5,174	5,667	7,285	6,967	8.0%

Sources: Lianyungang Statistical Yearbook 2019, Lianyungang Statistical Bureau, C&W

Haizhou

Haizhou District, affiliated to Lianyungang City, Jiangsu Province, located in the north of the Yangtze River Delta and northeast of Jiangsu Province with an area of approximately 701 sq.km. and a population of approximately 0.8 million in 2018. The nominal GDP of Haizhou District increased from approximately RMB26.3 billion in 2014 to approximately RMB36.4 billion in 2018, at a CAGR of approximately 8.5%. There was an increase in urbanization rate from approximately 85.5% in 2014 to approximately 90.3% in 2018.

The residential property market in Haizhou District has recorded growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 9.3% from 2013-2018. The demand for new commodity residential properties in Haizhou District comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Haizhou District for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.2	0.8	1.9	1.0	1.3	1.0	N/A ⁽¹⁾	-3.6%
ASP of commodity residential properties (RMB per sq.m.)	5,745	6,237	6,188	6,639	7,637	8,973	N/A ⁽¹⁾	9.3%

Notes: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: Lianyungang Statistical Yearbook 2018, Lianyungang Statistical Bureau, C&W

INDUSTRY OVERVIEW

Nantong

Nantong is a prefecture-level city in southern Jiangsu Province with an area of approximately 8,544 sq.km. and a total population of approximately 7.3 million as of 2019. The nominal GDP of Nantong increased from approximately RMB515.0 billion in 2013 to approximately RMB938.3 billion in 2019, at a CAGR of approximately 10.5%. There was also an increase in urbanization rate from approximately 59.9% in 2013 to approximately 68.1% in 2019.

The residential property market in Nantong has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties sold with a CAGR of 12.0% from 2013 to 2019. The demand for new commodity residential properties in Nantong comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Nantong for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	9.4	8.4	8.6	11.2	13.5	17.3	17.4	10.9%
ASP of commodity residential properties (RMB per sq.m.)	5,260	4,906	5,192	6,615	7,342	8,455	10,374	12.0%

Sources: Nantong Statistical Yearbook 2019, Nantong Statistical Bureau, C&W

Hai'an

Hai'an is a county-level city in Jiangsu Province managed by Nantong City. It is located in the southeast of Jiangsu Province and at the junction of Nantong with a total area of approximately 1,169 sq.km. and a population of approximately 0.9 million as of 2019. The economy of Hai'an has experienced a strong growth momentum. The nominal GDP of Hai'an increased from approximately RMB53.8 billion in 2013 to approximately RMB113.3 billion in 2019 at a CAGR of approximately 13.2%. There was also an increase in urbanization rate from approximately 52.3% in 2013 to approximately 61.9% in 2019.

The residential property market in Hai'an has recorded rapid growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 9.5% from 2013 to 2018. The demand for new commodity residential properties in Hai'an comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Hai'an for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.99	0.57	0.7	0.97	1.55	1.56	N/A ⁽¹⁾	9.5%
ASP of commodity residential properties (RMB per sq.m.)	6,207	5,629	5,339	5,722	5,923	6,574	N/A ⁽¹⁾	1.2%

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: Nantong Statistical Yearbook 2018, Nantong Statistical Bureau, C&W

Haimen

Haimen located in southeast of Jiangsu Province is a county-level city under the jurisdiction of Nantong with total area of approximately 1,149 sq.km. and a population of approximately 0.9 million as of 2019. The nominal GDP of Haimen increased from approximately RMB76.1 billion in 2013 to approximately RMB135.2 billion in 2019, at a CAGR of approximately 10.1%. The urbanization rate also increased from approximately 57.3% in 2015 to approximately 63.2% in 2019.

INDUSTRY OVERVIEW

The residential property market in Haimen has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties sold with a CAGR of 9.3% from 2013 to 2019. The demand for new commodity residential properties in Haimen is dominated by fundamental demand. The table below sets out selected indicators of the residential property market of Haimen for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.9	0.7	0.8	1.0	1.4	1.4	1.4	7.6%
ASP of commodity residential properties (RMB per sq.m.) . . .	7,106	7,238	7,527	7,963	8,175	8,772	12,097	9.3%

Sources: Nantong Statistical Yearbook 2019, Nantong Statistical Bureau, C&W

Rugao

Rugao, located in the southeast of Jiangsu Province, is a county-level city under the jurisdiction of Nantong with an area of approximately 1,477 sq.km. and a total population of approximately 1.2 million as of 2019. The nominal GDP of Rugao increased from approximately RMB67.5 billion in 2013 to approximately RMB121.5 billion in 2019, at a CAGR of approximately 10.3%. The urbanization rate also increased from approximately 55.3% in 2015 to approximately 59.6% in 2018.

The residential property market in Rugao has recorded moderate growth in recent year mainly attributed to the increase of total GFA of commodity residential properties with a CAGR 11.8% from 2013 to 2019. The table below sets out selected indicators of the residential property market of Rugao for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.9	0.7	0.7	1.1	1.7	1.3	1.7	11.8%
ASP of commodity residential properties (RMB per sq.m.) . . .	4,508	4,969	4,912	4,769	5,616	7,504	N/A ⁽¹⁾	10.7% ⁽²⁾

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

(2) CAGR was calculated based on information from 2013 to 2018.

Sources: Nantong Statistical Yearbook 2019, Nantong Statistical Bureau, C&W

Taizhou

Taizhou is a prefecture-level city in central Jiangsu Province with an area of approximately 5,787 sq.km. and a total population of about 4.6 million as of 2019. The nominal GDP of Taizhou increased from approximately RMB300.7 billion in 2013 to approximately RMB513.3 billion in 2019, at a CAGR of approximately 9.3%. There was also an increase in urbanization rate from approximately 59.0% in 2013 to approximately 66.8% in 2019.

The residential property market in Taizhou has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 7.1% from 2013 to 2019. The demand for new commodity residential properties in Taizhou comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Taizhou for the years indicated.

INDUSTRY OVERVIEW

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	4.6	4.1	4.9	6.5	8.0	6.4	5.9	4.2%
ASP of commodity residential properties (RMB per sq.m.)	5,796	5,586	5,625	5,567	6,788	8,256	8,732	7.1%

Sources: Taizhou Statistical Yearbook 2019, Taizhou Statistical Bureau, C&W

As a prefecture-level city, Taizhou administers Taixing, which is a county-level city where our Group has operations.

Yancheng

Yancheng is a prefecture-level city in southern Jiangsu Province with an area of approximately 16,921 sq.km. and a population of approximately 7.2 million as of 2019. The nominal GDP of Yancheng increased from approximately RMB347.6 billion in 2013 to approximately RMB570.2 billion in 2019, at a CAGR of approximately 8.6%. There was a gradual increase in urbanization rate from approximately 57.2% in 2013 to approximately 64.9% in 2019.

The residential property market in Yancheng has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 7.8% from 2013 to 2019. The demand for new commodity residential properties in Yancheng is dominated by fundamental demand. The table below sets out selected indicators of the residential property market of Yancheng for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	5.9	5.1	6.2	7.5	8.8	8.1	7.4	3.8%
ASP of commodity residential properties (RMB per sq.m.)	4,416	4,616	4,591	4,738	5,419	6,124	6,935	7.8%

Sources: Yancheng Statistical Yearbook 2019, Yancheng Statistical Bureau, C&W

Yandu

Yandu District is under the administration of Yancheng, located in the east of central Jiangsu Province with a total area of approximately 1,015 sq.km. and a population of approximately 0.7 million in 2018. The nominal GDP of Yandu District increased from approximately RMB37.0 billion in 2014 to approximately RMB54.7 billion in 2018, at a CAGR of approximately 10.3%. There was also an increase in urbanization rate from approximately 58.3% in 2014 to approximately 67.0% in 2018.

The residential property market in Yandu District has recorded growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 24.5% from 2014 to 2018. The demand for new commodity residential properties in Yandu District is dominated by fundamental demand. The table below sets out selected indicators of the residential property market of Yandu District for years indicated.

INDUSTRY OVERVIEW

	2013	2014	2015	2016	2017	2018	2019	2014-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	N/A ⁽¹⁾	0.5	0.6	0.8	1.0	1.2	N/A ⁽¹⁾	24.5%
ASP of commodity residential properties (RMB per sq.m.)	N/A ⁽¹⁾	5,635	5,084	5,097	6,043	6,062	N/A ⁽¹⁾	1.8%

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: Yancheng Statistical Yearbook 2018, Yancheng Statistical Bureau, C&W

Yixing

Yixing is a county-level city administered by Wuxi located in the south of Jiangsu Province with an area of approximately 1,997 sq.km. and a population of approximately 1.3 million as of 2018. The nominal GDP of Yixing increased from approximately RMB119.0 billion in 2013 to approximately RMB170 billion in 2018, at a CAGR of approximately 7.0%. There was also an increase in urbanization rate from approximately 63.0% in 2013 to approximately 65.3% in 2018.

The residential property market in Yixing has recorded moderate growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 9.0% from 2013 to 2019. The demand for new commodity residential properties in Yixing is dominated by fundamental demand. The table below sets out selected indicators of the residential property market of Yixing for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.3	0.8	1.2	1.2	1.3	1.2	1.6	3.7%
ASP of commodity residential properties (RMB per sq.m.)	6,745	6,180	6,998	7,551	9,320	10,887	11,330	9.0%

Sources: Yixing Statistical Yearbook 2019, Yixing Statistical Bureau, C&W

Zhangjiagang

Zhangjiagang is a county-level city administered by Suzhou in Jiangsu Province. It is one of the port cities along the Yangtze River with an area of approximately 777 sq.km. and a population of approximately 1.3 million as of 2018. The nominal GDP of Zhangjiagang increased from approximately RMB214.5 billion in 2013 to RMB272.0 billion in 2018, at a CAGR of approximately 4.9%. There was also an increase in urbanization rate from approximately 65.2% in 2013 to 68.4% in 2018.

The residential property market in Zhangjiagang has recorded rapid growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 12.9% from 2013 to 2019. The demand for new commodity residential properties in Zhangjiagang comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Zhangjiagang for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.9	0.9	1.2	1.7	2.8	2.5	1.9	12.9%
ASP of commodity residential properties (RMB per sq.m.)	10,127	9,697	8,960	9,424	11,024	12,566	13,689	5.2%

Sources: Zhangjiagang Statistical Yearbook 2019, Zhangjiagang Statistical Bureau, C&W

INDUSTRY OVERVIEW

OVERVIEW OF THE ECONOMY AND THE RESIDENTIAL PROPERTY MARKETS OF SELECTED LOCATIONS OUTSIDE JIANGSU PROVINCE

Hangzhou

Hangzhou is the capital city of Zhejiang Province with an area of approximately 16,596 sq.km., of which the urban area takes up approximately 4,876 sq.km. Hangzhou is the economic, cultural, scientific and educational centre and one of the central cities in the Yangtze River Delta Region with a population of approximately 10.4 million as of 2019. The economy in Hangzhou has experienced a strong growth momentum. Its nominal GDP was approximately RMB1,537 billion in 2019, with an increase at a CAGR of approximately 10.6% from 2013. There was also an increase in urbanization rate from approximately 74.9% in 2013 to approximately 78.5% in 2019.

The residential property market in Hangzhou has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 10.0% from 2013 to 2018. The demand for new commodity residential properties in Hangzhou comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Hangzhou for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	11.4	9.5	12.9	18.9	15.2	13.3	12.8	2.0%
ASP of commodity residential properties (RMB per sq.m.)	15,022	14,041	14,750	16,213	21,222	24,362	N/A ⁽¹⁾	10.0% ⁽²⁾

Notes: (1) Such data was not available from the sources as of the Latest Practicable Date.
(2) CAGR was calculated based on information from 2013 to 2018.

Sources: Hangzhou Statistical Yearbook 2019, Hangzhou Statistical Bureau, C&W

Huzhou

Huzhou is a prefecture level city of Zhejiang Province in the Yangtze River Delta Region. The nominal GDP of Huzhou is approximately RMB312.2 billion in 2019, representing an increase of approximately 14.8% from the previous year. There was also an increase in urbanization rate from approximately 35.4% in 2013 to approximately 45.4% in 2019.

The residential property market in Huzhou has recorded rapid growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 20.3% from 2013 to 2019. The demand for new commodity residential properties in Huzhou comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Huzhou for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	2.5	2.6	3.5	4.9	6.4	7.2	7.6	20.3%
ASP of commodity residential properties (RMB per sq.m.)	6,972	6,308	6,850	6,776	7,840	10,642	12,116	9.6%

Sources: Huzhou Statistical Yearbook 2019, Huzhou Statistical Bureau, C&W

INDUSTRY OVERVIEW

Jiaying

Jiaying is a prefecture-level city in northern Zhejiang Province with an area of approximately 4,275.05 sq.km. and a population of approximately 4.8 million as of 2019. The nominal GDP of Jiaying increased from approximately RMB316.3 billion in 2013 to approximately RMB537.0 billion in 2019, at a CAGR of approximately 9.2%. There was also an increase in urbanization rate from approximately 57.1% in 2013 to approximately 67.4% in 2019.

The residential property market in Jiaying has recorded rapid growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 13.7% from 2013 to 2019. The demand for new commodity residential properties in Jiaying comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Jiaying for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	5.0	4.1	5.5	9.9	8.9	10.3	10.7	13.7%
ASP of commodity residential properties (RMB per sq.m.)	7,040	6,997	7,183	7,812	11,181	13,287	N/A ⁽¹⁾	13.5% ⁽²⁾

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

(2) CAGR was calculated based on information from 2013 to 2018.

Sources: Jiaying Statistical Yearbook 2019, Jiaying Statistical Bureau, C&W

Shaoxing

Shaoxing is a prefecture-level city in Zhejiang Province with an area of approximately 8,274.8 sq.km. of which the urban area takes up approximately 2,942 sq.km. and a population of 5.0 million as of 2018. The nominal GDP of Shaoxing increased from approximately RMB397 billion in 2013 to approximately RMB578 billion in 2019, at a CAGR of approximately 6.5%. The urbanization rate also increased from approximately 61.8% in 2013 to approximately 66.6% in 2018.

The residential property market in Shaoxing has recorded moderate growth in recent years mainly attributed to increase of total GFA of commodity residential properties sold with a CAGR of 10.5% from 2013 to 2018. The table below sets out selected indicators of the residential property market of Shaoxing for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	5.1	4.4	5.9	6.7	8.5	8.4	N/A ⁽¹⁾	10.5%
ASP of commodity residential properties (RMB per sq.m.)	9,496	8,080	8,195	8,116	9,429	12,574	N/A ⁽¹⁾	6.0%

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: Shaoxing Statistical Yearbook 2018, Shaoxing Statistics Bureau, C&W

INDUSTRY OVERVIEW

Liupanshui

Liupanshui, also known as “Liangdu”, is a prefecture-level city in western Guizhou Province. The total area within the administrative area of Liupanshui is approximately 9,965 sq.km. with a population of approximately 3.0 million as of 2019. The nominal GDP of Liupanshui increased from approximately RMB88.2 billion in 2013 to approximately RMB126.6 billion in 2019, at a CAGR of approximately 6.2%. The urbanization rate also increased from approximately 44.5% in 2014 to approximately 56.1% in 2019.

The residential property market in Liupanshui has recorded rapid growth in recent years mainly attributed to the increase of total GFA of commodity residential properties sold with a CAGR of 9.5% from 2013 to 2019. The demand for new commodity residential properties in Liupanshui is dominated by a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Liupanshui for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.1	1.3	1.8	2.1	2.4	1.7	1.9	9.5%
ASP of commodity residential properties (RMB per sq.m.)	3,395	3,109	3,262	3,066	3,355	4,059	4,204	3.6%

Sources: Liupanshui Statistical Yearbook 2019, Liupanshui Statistical Bureau, C&W

As a prefecture-level city, Liupanshui administers Panzhou, which is a county-level city where our Group has operations.

Luoyang

Luoyang is a prefecture-level city in Henan Province with an area of approximately 12,000 sq.km. and a population of approximately 6.9 million as of 2019. The nominal GDP of Luoyang increased from approximately RMB314.0 billion in 2013 to approximately RMB503.5 billion in 2019, at a CAGR of approximately 8.2%. There was also an increase in urbanization rate from approximately 49.4% in 2013 to approximately 59.1% in 2019.

The residential property market in Luoyang has recorded rapid growth in recent years mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 8.8% from 2013 to 2019. The demand for new commodity residential properties in Luoyang comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Luoyang for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	6.4	6.3	6.1	6.7	8.5	8.1	8.1	4.0%
ASP of commodity residential properties (RMB per sq.m.)	3,851	3,832	3,987	4,376	4,870	5,667	6,400	8.8%

Sources: Luoyang Statistical Yearbook 2019, Luoyang Statistical Bureau, C&W

INDUSTRY OVERVIEW

Shanghai

Shanghai is a municipality and the most populous city in the PRC with an area of approximately 6,340 sq.km. and a population of approximately 24.3 million as of 2019. Chongming District, where our Group has operations, includes Chongming Island, Changxing Island and Hengsha Island, and covers a total area of 1,411 sq.km. The nominal GDP of Shanghai had been continuously growing from 2013 to 2019 at a CAGR of 9.8%.

The residential property market in Shanghai had been increasing rapidly in recent years despite the fluctuations in the total GFA sold each year mainly attributed to the increase of ASP of commodity residential properties with a CAGR of 12.6% from 2013 to 2019. The demand for new commodity residential properties in Shanghai comprises a mix of fundamental and investment demand. The table below sets out selected indicators of the residential property market of Shanghai for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2019 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	20.2	17.8	20.1	20.2	13.4	13.3	17.0	-2.8%
ASP of commodity residential properties (RMB per sq.m.)	16,192	16,415	21,501	25,910	24,866	28,987	32,926	12.6%

Sources: Shanghai Statistical Yearbook 2019, Shanghai Statistical Bureau, C&W

OVERVIEW OF THE RETAIL PROPERTY MARKET OF SELECTED LOCATIONS

The retail properties of our Group are majorly neighborhood retail stores inside large residential developments with a mix of developments nearby and they serve to support needs of local residents.

Jiangsu Province

The retail property market in Jiangsu Province shows a growth momentum. In respect of demand for retail properties, a total GFA of approximately 8.1 million sq.m. of primary commodity retail properties was sold in 2018 in Jiangsu Province. The ASP of commodity retail properties in Jiangsu Province increased from approximately RMB10,416 per sq.m. in 2013 to approximately RMB16,043 per sq.m. in 2018 at a CAGR of approximately 9.0%. The table below sets out selected indicators of the retail property market of Jiangsu Province for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2013-2018 CAGR
Total GFA of retail properties sold (million sq.m.)	8.2	6.9	7.3	8.5	9.7	8.1	N/A ⁽¹⁾	-0.2%
ASP of retail properties (RMB per sq.m.)	10,416	9,929	9,976	10,518	11,633	16,043	N/A ⁽¹⁾	9.0%

Note: (1) Such data was not available from the sources as of the Latest Practicable Date.

Sources: Jiangsu Statistical Yearbook 2018, Jiangsu Statistical Bureau, C&W

There had been continued growth in consumer expenditure in Changshu, Changzhou, Huai'an, Lianyungang, Nantong and Yancheng, as demonstrated by the increasing trend in total retail sales of consumer goods and in the period between 2013 and 2018. The average rent level of Changzhou is relatively stable and less affected by the economic cycles given the demand for basic and essential retail services of the residents.

INDUSTRY OVERVIEW

Zhejiang Province

There had been steady growth in consumer expenditure in Hangzhou, Jiaxing and Shaoxing, as demonstrated by the increasing trend in total retail sales of consumer goods and annual per capita consumption expenditure of urban households in the period between 2013 and 2018. The neighborhood malls and local retail streets in the aforesaid cities are scattered in different locations and have formed several commercial centers. The average rent level of Jiaxing is relatively stable and less affected by the economic cycles given the demand for basic and essential retail services of the residents.

COMPETITIVE LANDSCAPE

The Competitive Landscape in the Residential Property Market in the PRC

Since 2017, the China government adhere to the restrictive policy to reduce the speculation of residential properties and support the fundamental residential demand. Meanwhile, the local governments has released a series of documents to tighten the regulations on residential properties' transactions. It is expected that the restrictive policies will be continued.

According to the information from CREIS, the top five developers took the proportion of approximately 15.61% of the total contracted GFA sold in PRC in 2019. The market share of our group was approximately 0.12% in the PRC market in 2019 in terms of contracted GFA sold.

The following table shows the top five property developers rankings of PRC in terms of contracted GFA sold in 2019 extracted from the top 100 rankings of property developers from CREIS:

Rank	Name of property developers	Percentage of total contracted GFA sold in PRC market in 2019
		(%)
1	Company A	4.15%
2	Company B	3.89%
3	Company C	2.74%
4	Company D	2.55%
5	Company E	2.28%

Note: Company A is a PRC property developer listed in Hong Kong with a market capitalization with HKD219.2 billion as of the Latest Practicable Date

Company B is a PRC property developer listed in Hong Kong with a market capitalization with HKD272.1 billion as of the Latest Practicable Date

Company C is a PRC property developer listed in Hong Kong and Shenzhen with a market capitalization with RMB301.5 billion as of the Latest Practicable Date

Company D is a PRC property developer listed in Hong Kong with a market capitalization with HKD163.1 billion as of the Latest Practicable Date

Company E is a PRC property developer listed in Shanghai with a market capitalization with RMB69.1 billion as of the Latest Practicable Date

Source: CREIS (China Real Estate Index System), C&W

The property markets in the Yangtze River Delta Region are fragmented and competitive. The major competitors in the regional markets are large national developers and local developers. According to the Industry Report, our Group ranked 83rd among the property developers in the residential property market in the PRC in 2019 in terms of contracted GFA sold, both of which had shown a significant growth comparing with previous years. Our Group mainly focuses on the real estate markets in the Yangtze River Delta Region, where it has accumulated regional real estate market experience and reputation in the past years and has a more in-depth knowledge of the markets as compared to other developers.

INDUSTRY OVERVIEW

Generally, the property price level remains as one of the key factors influencing demand in the Jiangsu and Zhejiang property markets. This is especially true for individuals with fundamental demand for residential properties. In addition to the price level, the quality of residential properties and the residential environment are becoming increasingly important factors that buyers take into consideration.

Entry Barriers

There are three main entry barriers to the PRC property market – difficulties in acquiring quality land, brand reputation and information asymmetry. Firstly, real estate development is capital intensive in nature and therefore there may be a capital barrier for small and medium size developers to compete and invest on large-scale real estate projects due to limited source of funding. Secondly, existing developers have long-established reputation towards consumers. New developers need to have their brand recognized/accepted by the local markets. Thirdly, it takes time for new developers to develop understanding of the local markets.

OUTLOOK OF THE ECONOMY AND THE PROPERTY MARKET OF THE PRC

From 2013 to 2019, the nominal GDP of the PRC had been steadily increasing. The PRC's economic development has propelled the rate of urbanization. According to the China Statistical Yearbook 2019, the urbanization rate has reached 60.6% in 2019 which has exceeded the target as set out in the "National Plan on New Urbanization (2014-2020)" (《國家新型城鎮化規劃(2014-2020)》). Moreover, according to notice of "New Type Urbanization Construction and Urban-Rural Integration Development in 2020" (《2020年新型城鎮化建設和城鄉融合發展重點任務》) issued by The National Development and Reform Commission on April 3, 2020, measures such as emphasizing small town development, improving integrated transportation network, enhancing public service level, etc., would be carried out to increase the level and quality of China's urbanization in the future.

Since December 2019, there has been an outbreak of COVID-19 across the PRC and other countries, which has the following impact on the property market in the PRC. In the first four months of 2020, for commodity residential properties in second-tier cities in the PRC, the sales area decreased by 26.4% from approximately 78.9 million sq.m. to 58.1 million sq.m., whereas the sales amount decreased by 14.0% from approximately RMB930.2 billion to RMB799.9 billion, and the ASP increased by 5.6% from approximately RMB14,356 per sq.m. to RMB15,160 per sq.m., as compared to the same period of 2019.

As to commodity residential properties in third-tier cities in the PRC, the sales area decreased by 26.0% from approximately 30.0 million sq.m. to 22.2 million sq.m., whereas the sales amount decreased by 22.8% from approximately RMB289.6 billion to RMB223.5 billion, and the ASP increased by 5.1% from approximately RMB10,435 per sq.m. to RMB10,967 per sq.m., as compared to the same period of 2019.

In the first four months of 2020, for commodity residential properties in Jiangsu Province, the sales area decreased by 8.5% from approximately 31.8 million sq.m. to 29.1 million sq.m., whereas the sales amount increased by 3.6% from approximately RMB362.2 billion to approximately RMB375.4 billion, and the ASP increased by 2.9% from approximately RMB12,507 per sq.m. to RMB12,864 per sq.m., as compared to the same period of 2019.

In the first four months of 2020, for commodity residential properties in Zhejiang Province, the sales area decreased by 12.4% from approximately 20.1 million sq.m. to 17.6 million sq.m., whereas the sales amount decreased by 3.7% from approximately RMB316.2 billion to approximately RMB304.5 billion, and the ASP increased by 3.1% from approximately RMB16,158 per sq.m. to RMB16,654 per sq.m., as compared to the same period of 2019.

Nevertheless, it is believed that the outbreak of COVID-19 would only cause a short-term impact on the China's macro-economy as well as real estate market in 2020 and China's economy will be able to maintain a relatively stable development trend throughout the year due to the following reasons:

- (i) various cities in the PRC where the Group has operation including, Shanghai, Nanjing, Wuxi, Nantong etc. in Yangtze River Delta Region have implemented various policies to mitigate the

INDUSTRY OVERVIEW

impact of COVID-19 on the real estate market, such as promoting on-line property title registration to avoid face-to-face contact, relaxing the condition of granting the pre-sales permit and capital supervision, waiving real estate tax and land use tax for affected industries, and allow extension of time to payment of land premium, lowering the targeted medium-term lending facility by 20 basis points to 2.95% and lowering one-year loan prime rate and five-year loan prime rate by 20 basis points and 10 basis points, respectively by The People's Bank of China;

- (ii) the average price of primary commodity residential properties in the April 2020 of first-tier cities, second-tier cities and third-tier cities increased by 2.9%, 5.6% and 5.1% respectively comparing to same period in 2019 and it is expected the long term price trend will not be materially affected;
- (iii) the industrial output growth, the sales area and sales amount of primary commodity residential properties, have showed signs of picking up since April 2020 and bounced back to the same or similar level to that of April 2019;
- (iv) the travel restrictions and lockdown measures are being relaxed and most of the property developers in the PRC have gradually resumed their business operations, sales activities and construction of property projects;
- (v) the epidemic in the PRC has been gradually brought under control and the number of newly reported cases of COVID-19 and fatalities dropped significantly; and
- (vi) the urbanization is expected to continue to support the demands for improving housing and living standards for both first-time buyers or upgraders which is expected to carry on the trend of maintaining stability in development.

As such, the abovementioned double-digit drop in the sales area and sales amount of commodity residential properties in second-tier and third-tier cities in the first four months of 2020 will be partially offset by recovery in the following months of 2020. Following this trend, it is anticipated that, in 2020, the sales area and sales amount of commodity residential properties in second-tier cities would decrease by 6.0% to 9.0% and 2.0% to 5.0% respectively, whereas the ASP would increase by 4.0% to 6.0%, and the sales area and sales amount of commodity residential properties in third-tier cities would only decrease by 6.0% to 9.0% and no more than 4.0% respectively, whereas the ASP would increase by 2.0% to 4.0%, as compared to 2019. Such increase in ASP is mainly supported by (i) the PRC government has taken various incentive policies to boost the economy such as lowering taxes, increasing the amount of currency issued and lowering interest rates which will reduce the borrowing costs of both property developers and homebuyers and also improve the profitability of corporate entities; and (ii) continuing urbanization in the PRC that provides the fundamental demand for residential properties for both first-timer buyers and upgraders.

It is anticipated that the sales area and sales amount of commodity residential properties in Jiangsu Province for the year 2020 would decrease by 3.0% to 5.0% and increase around 1% respectively, whereas the ASP would increase by 6.0% to 7.0% as compared to year 2019.

It is anticipated that the sales area and sales amount of commodity residential properties in Zhejiang Province for the year 2020 would decrease by 5.0% to 7.0% and 1.0% to 3.0% respectively, whereas the ASP would increase by 3.0% to 5.0% as compared to year 2019.

Furthermore, it is anticipated that the sales area and sales amount of commodity residential properties in the entire PRC for the year 2020 would decrease by 5.0% to 8.0% and no more than 5.0% respectively, whereas the ASP would increase by 3.0% to 5.0%.

It is also anticipated that the sales area and sales amount of commercial properties in the entire PRC for the year 2020 would decrease by 8.0% to 10.0% and 10.0% to 15.0% respectively, whereas the ASP would decrease by 2.0% to 5.0%, as compared to that of 2019.

Accordingly, it is believed that the outbreak would not materially and adversely affect the fundamentals of China's macro-economy in the intermediate to long term.

INDUSTRY OVERVIEW

Future demands for properties in the PRC property market

In respect of the demand for properties in the PRC property market, there will be continued promotion of urbanization by the PRC government and as announced by the National Development and Reform Commission, the PRC government has set a policy target to help 100 million rural residents and others living in cities without local household registration to settle in cities and towns (城市落戶), thereby driving new demands for properties in the Yangtze River Delta Region and the Central Region in particular, where our Group has most of its operations in or plans to expand into, as these regions are among the largest economic circles in the PRC with relatively low urbanization rate. With the regions' continuous economic growth and urbanization progress, the property markets would easily benefit from the increasing urban population and purchasing power despite the short-term impact of COVID-19.

REGULATORY OVERVIEW

A summary of the most significant laws, regulations and rules that affect our business activities and operation in People's Republic of China is set out below.

LAWS AND REGULATIONS GOVERNING ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

Regulations on Establishment of a Real Estate Development Enterprise

In accordance with the Law of the People's Republic of China on Urban Real Estate Administration (《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 and amended on August 30, 2007, August 27, 2009 and August 26, 2019 that became effective on January 1, 2020, real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of seeking profits. According 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》) (the "Development Regulations"), promulgated and implemented on July 20, 1998 by the State Council, and amended on January 8, 2011, 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 have more than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and more than 2 full-time accountants with certificates of qualifications.

On May 25, 2009, the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment (《國務院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, which regulates that the minimum capital ratio of affordable housing and general commodity housing projects is 20%, and that of other real estate development projects is 30%. However, under the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Asset Investment (《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 on September 9, 2015, the minimum capital requirement remains unchanged at 20% for affordable housing and ordinary commodity housing projects, the minimum capital requirement is adjusted from 30% to 25% for other real estate projects.

Regulations on Foreign Investment in Real Estate Enterprises

On June 30, 2019, the National Development and Reform Commission ("NDRC") and the Ministry of Commerce ("MOFCOM") jointly promulgated the Special Administrative Measures for Access of Foreign Investments (Negative List) (2019 version) (《外商投資准入特別管理措施(負面清單)(2019版)》) (the "Negative List"), which came into effect on July 30, 2019. According to the Negative List, real estate development does not falls within the Negative List for access of foreign investments.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the People's Bank of China ("PBOC"), the State Administration for Industry and Commerce and the State Administration of Foreign Exchange ("SAFE") jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (《建設部、商務部、國家發展和改革委員會等關於規範房地產市場外資准入和管理的意見》) 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; (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 and obtained the state-owned land use rights 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 state land grant contract

REGULATORY OVERVIEW

(《國有土地使用權出讓合同》), the construction land planning permit (《建設用地規劃許可證》), the construction work planning permit (《建設工程規劃許可證》) etc., and shall submit the land use right certificate (《國有土地使用證》), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance; (v) foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign joint venture engaged in real estate industry.

On August 19, 2015, the Ministry of Housing and Urban-Rural Development (“MHURD”), the MOFCOM, the NDRC, the PBOC, the State Administration for Industry and Commerce and the SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《住房城鄉建設部、商務部、國家發展改革委等部門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 purchase by overseas organizations and individuals as stated in the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market (《建設部、商務部、國家發展和改革委員會等關於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-Foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) promulgated and 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 has been canceled.

On June 18, 2008, the MOFCOM issued the Notice 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”) and became effective on July 1, 2008, 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 the SAFE jointly issued the Circular on Further Improving the Registration of Foreign Investments in Real Estate (《商務部、外匯局關於進一步改進外商投資房地產備案工作的通知》), which simplifies the administrative procedures for, and improves the management of foreign-invested real estate companies. In accordance with the Circular, the local departments in charge shall approve the establishment and any corporate changes of foreign-invested real estate enterprises in accordance with the laws and statutes regarding foreign investment, and fill out the relevant information on real estate projects in the integrated foreign investment management information system of the MOFCOM as required. In addition, the public registration on the website of MOFCOM is canceled. Furthermore, the MOFCOM will randomly select foreign-invested real estate enterprises for examinations on a quarterly basis. The Circular 23 and the Circular on Further Improving the Registration of Foreign Investment in Real Estate were abolished by the Announcement of the Ministry of Commerce on the Abolition of Certain Regulatory Documents (《商務部關於廢止部分規範性文件的公告》) that issued by the MOFCOM on December 25, 2019 and became effective on January 1, 2020.

The incorporation and operation of companies in China is governed by the Company Law of the People’s Republic of China (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress on December 29, 1993, and became effective on July 1, 1994. It was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018. The PRC Company Law provides for two general types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of its assets. A shareholder’s liability is limited to the amount of registered capital contributed by such shareholder. The PRC Company Law shall also apply to foreign-invested companies.

REGULATORY OVERVIEW

And the Wholly Foreign Owned Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》) as amended on September 3, 2016 and the Detailed Implementing Rules for the Wholly Foreign Owned Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法實施細則》) as amended on February 19, 2014, and the Equity Joint Venture Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》) promulgated in 1979 and last amended in 2016 and its implementation regulations (《中華人民共和國外資企業法實施細則》) promulgated in 1983 and last amended and became effective on March 2, 2019 regulate to establish a wholly foreign owned enterprise (the "WFOE") or a sino-foreign joint venture. On March 15, 2019, the National People's Congress approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "FIL"), which came into effect on January 1, 2020 and replaced the above laws on foreign investments in the PRC. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020 and replaced the relevant detailed implementing rules. The FIL embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in the PRC. The FIL establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

According to the FIL, "foreign investments" refer to investment activities conducted by foreign investors directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors; (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC; (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors; or (iv) investments in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The FIL grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list". The FIL provides that foreign invested entities operating in restricted or prohibited industries for foreign investments will require market entry clearance and other approvals from relevant PRC governmental authorities.

Furthermore, the FIL provides that foreign-invested enterprises established according to the existing laws regulating foreign investments may maintain their structure and corporate governance within five years after the implementing of the FIL. In addition, the FIL also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments with respect to policies to the foreign investors; foreign invested enterprises are allowed to public issue of stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within the PRC, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign-invested enterprises should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

Regulations on Qualification of a Real Estate Developer

Pursuant to the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of obtainment of the business license, file the relevant documents with the competent department of real estate development of the place where the registration authority is located. The competent department of real estate development shall, on the basis of the assets, specialized technical personnel and development and management achievements, verify the level of qualification of the real estate development enterprise in question. The real estate development enterprise shall, in

REGULATORY OVERVIEW

accordance with the verified level of qualification, undertake corresponding real estate development projects. Relevant specific rules may be formulated by the competent administrative department of construction of the State Council.

Under 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, an enterprises engaged in real estate development shall be approved in accordance with the provisions of application for the enterprise qualification level. 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 levels: Level I, Level II, Level III and Level IV in accordance with their experience of real estate development business, construction quality, the professional personnel they employ, and quality control system etc. A newly established real estate development enterprise shall, within 30 days from the date of issuance of the business license, file the relevant documents with the competent department of real estate development for the record. The competent departments of real estate development shall, within 30 days after accepting the applications, shall approve and issue a Temporary Qualification Certificate (《暫定資質證書》) to the eligible enterprise according to such conditions.

LAWS AND REGULATIONS GOVERNING LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

Regulations on Land Grants

In April 1988, the National People’s Congress passed an amendment to the Constitution of the People’s Republic of China (《中華人民共和國憲法》) which was last amended on March 11, 2018. 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》) which was last amended on August 26, 2019 and became effective on January 1, 2020 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 formalized the process of the grant and transfer of land use rights for value. Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use rights certificate.

Under the Provisions on Granting State-Owned Construction Land Use Right through Tenders, Auction and Listing-for-Bidding (《招標拍賣掛牌出讓國有建設用地使用權規定》) issued by the MNR (previously known as the Ministry of Land and Resources (國土資源部) on September 28, 2007 and took effect on November 1, 2007, 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. The processes shall be conducted openly and fairly. The MNR promulgated the Opinions on Maintaining and Improving the System of Land Bidding, Auction and Listing (《國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見》) in May 2011, which provides stipulations to improve policies on the supply of land through public tender, auction and listing-for-sale, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the MNR 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》), which became effective on August 1, 2003. Pursuant to the Regulations, the competent authorities of land and resources of the people’s governments at municipal and county level shall transfer the usufruct of stated-owned land through agreements if there is only one land use applicant for a planned land zone. The land used for business purpose including commerce, tourism, entertainment, and commercial housing, etc., shall not be included.

REGULATORY OVERVIEW

On September 4, 2003, the MNR promulgated the Notice on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (《國土資源部關於加強城市建設用地審查報批工作有關問題的通知》). The Notice stressed the need to strengthen the review of real estate land use and optimize land use structure. Local land and resources departments at all levels shall reasonably determine the amount and proportion of all kinds of real estate land in the reported urban construction land according to the supply and demand situation of the local real estate market. According to the Notice, the land for urban construction submitted to the State Council for approval shall be described in written form in respect of the utilization of the land for real estate development approved, as well as the supply and demand of the real estate market, the price of real estate and the vacancy rate of houses in the city. The notice was abolished by the announcement regarding the publication of first batch of catalogues of regulatory documents that have been abolished or expired made by the Ministry of Natural Resources of the People's Republic of China (《自然資源部關於公佈第一批已廢止或者失效的規範性文件目錄的公告》) that was promulgated and became effective on June 26, 2019).

The Circular of MNR and NDRC on the Issue and Implementation of the Catalog of Restricted Land Use Projects (2012 edition) and the Catalog of Prohibited Land Use Projects (2012 edition) (《國土資源部、國家發展和改革委員會關於發佈實施〈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 and became effective on May 23, 2012. Pursuant to the Circular, all construction projects listed in the Restricted Catalog must meet the requirements stipulated in the Catalog before the land and resources management department and the investment management department going through the relevant formalities. The land and resources management department and the investment management department shall not go through relevant formalities for construction projects listed in the Prohibited Catalog or those with the listed technology, equipment and scale.

Regulations on Development of a Real Estate Project

According to the Urban Real Estate Law, those who have obtained the right of land use 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 has not started one year later than the date for 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 development has not started two years later, 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 necessary preparatory work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》) promulgated on April 26, 1999 by the MNR, which was further amended on June 1, 2012 and took effect on July 1, 2012, land can 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. 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 choose the methods for disposal in accordance with the Measures on Disposal of Idle Land.

On December 4, 1992, the Ministry of Construction promulgated 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》), which was amended on January 26, 2011, a real estate developer shall apply for a construction land planning permit (《建設用地規劃許可證》) from the municipal planning authority. After obtaining the construction land planning permit, 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

REGULATORY OVERVIEW

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 on April 23, 2019, and a construction work planning permit (《建設工程規劃許可證》) from the municipal planning authority should be obtained. The real estate developer shall apply for a construction work commencement permit (《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 subsequently amended on July 4, 2001, June 25, 2014 and September 28, 2018.

Pursuant to Administrative Regulations on the Quality Management of Construction Engineering (《建設工程質量管理條例》) promulgated on January 30, 2000 by State Council and late amended on October 7, 2017 and on April 23, 2019, the owners of construction engineering shall, within fifteen days of the date on which the construction project in question passes a completion-based check and acceptance, submit an acceptance report, recognition documents or use approval documents issued by planning, public security and firefighting, environmental protection and other departments to the competent construction administrative departments or other relevant departments for the record. Pursuant to “the Development Regulations”, the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects (《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 Housing and Urban-Rural Construction on April 4, 2000 and amended on October 19, 2009 and the Circular of the Ministry of Housing and Urban-Rural Construction on the Issuance of Regulations on Acceptance Examination upon Completion of Housing Construction and Municipal Infrastructure Projects (《住房和城鄉建設部關於印發〈房屋建築和市政基礎設施工程竣工驗收規定〉的通知》) promulgated and implemented on December 2, 2013, upon the completion of real estate development project, the real estate development must undergo inspection and receive approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. A real estate project shall not be delivered before passing the acceptance examination.

LAWS AND REGULATIONS GOVERNING REAL ESTATE TRANSFER AND SALE AND LEASE

Regulations on Sale of Commodity Buildings

Under the Measures for Administration of Sale of Commodity Buildings (《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 commodity buildings can include both sales prior to and after the completion of the buildings.

In accordance with the Measures for Administration of Pre-sales of Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as subsequently amended on August 15, 2001 and July 20, 2004 (the “Pre-sales Measures”), any pre-sales of commodity buildings is subject to specified procedures. If a real estate developer intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects. Further, in some cities we operate, the use of pre-sale proceeds is specifically restricted, where the pre-sale proceeds of our properties must be deposited in escrow accounts and can only be used to purchase the necessary construction materials and equipment, make construction stage payment, pay statutory taxes for the relevant development projects subject to prior consent from the relevant local government authorities.

Provisional Administration Measures for the Proceeds from Pre-sales of Commodity Buildings of Zhejiang Province (《浙江省商品房預售資金監管暫行辦法》) promulgated by Department of Housing and Urban-rural Development of Zhejiang Province on September 16, 2010, stipulated that all the proceeds from pre-sales of commodity buildings should be supervised and provides that the real estate developer, shall sign an agreement on the supervision and control of proceeds from pre-sales of

REGULATORY OVERVIEW

commodity buildings with the supervise bank, and set up a specific bank account for those proceeds. Besides, the pre-sale permit shall only be granted when the real estate developer has signed the above-mentioned supervision agreement. Furthermore, proceeds from pre-sales of commercial buildings shall be directly deposited into the said account and shall not be withdrawn in the cash form. The usage of proceeds is subject to the supervision of the bank and could only be used when the real estate developer has submitted the application and proof documents of the completion of certain parts of the project or other valid proof of payment.

According to the Implementing Rules of Shanghai of Administrative Measures for the Pre-Sales of Urban Commodity Buildings (《上海市實施〈城市商品房預售管理辦法〉細則》) proclaimed by Real Estate Bureaus of Shanghai on December 29, 2008, the real estate developer shall sign an agreement with the supervise bank on the control of proceeds from pre-sales of commodity buildings and set up a supervision bank account. In addition, if the real estate developer does not sign the above-mentioned supervision agreement, pre-sales of commodity buildings will not be allowed. Besides, proceeds shall be charged by the entrusted supervising bank. Furthermore, proceeds could only be used for the construction cost of the relevant project before the completion of the project.

Based on the Operating Rules of Administration Rules of the Proceeds from Pre-sales of Commodity Buildings of Liupanshui (《六盤水市商品房預售資金監督管理操作規程》) announced by Administration of Housing and Urban-rural Development of Liupanshui on March 1, 2011, before the real estate developer applying for the pre-sales permission of commodity buildings, they must sign a supervision agreement on the control of proceeds from pre-sales of commodity buildings with the supervising bank and the relevant regulator and maintain a supervision account for the pre-sale proceeds with supervision bank. Besides, the usage of proceeds is subject to the supervision of the relevant government authorities and could only be used when the real estate developer has submitted the Application Form of the Usage of Proceeds from Pre-sales of Commodity Buildings and related documents.

In accordance with the Notice of Further Regulating Sales and/or Pre-sales of Commodity Buildings (《關於進一步規範商品房預(銷)售行為的通知》) promulgated by General Office of the Government of Jiangsu Province on October 12, 2009 and Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《江蘇省政府辦公廳關於促進房地產市場平穩健康發展的通知》) pronounced by General Office of the Government of Jiangsu Province on January 14, 2010, proceeds from pre-sales of commodity buildings should be deposited into a supervision bank account. Accordingly, specific regulations were subsequently issued in various regions of Jiangsu Province, including the Provisional Administration Measures for the Proceeds from Pre-sales of Newly-built Commodity Buildings of Changshu (《常熟市新建商品房預售資金監管暫行辦法》) promulgated by General Office of the Government of Changshu on July 5, 2017, Administration Measures for the Proceeds from Pre-sales of Commodity Buildings (《商品房預售資金監管辦法》) promulgated by the Government of Lianyungang on November 10, 2014, Provisional Administration Measures for the Proceeds from Pre-sales of Newly-built Commodity Buildings of Yancheng (《鹽城市區新建商品房預售資金監管暫行辦法》) promulgated by the Government of Yancheng on April 26, 2013, Administration Measures for the Sales of Commodity Buildings of Nantong (《南通市商品房銷售管理辦法》) promulgated by the Government of Nantong on April 27, 2015, Provisional Administration Measures for the Proceeds from Pre-sales of Commodity Buildings of Taixing (《泰興市商品房預售資金監管暫行辦法》) promulgated by Administration of Housing and Urban-rural Development of Taixing on August 22, 2018, Provisional Administration Measures for the Proceeds from Pre-sales of Commodity Buildings (《商品房預售款監管暫行辦法》) promulgated by Administration of Real Estate of Huai'an on November 15, 2007, Operating Rules of Administration Measures for the Proceeds from Pre-sales of Commodity Buildings of Xiangshui (《響水縣商品房預售資金監管操作細則》) promulgated by Administration of Housing and Urban-rural Development of Xiangshui on July 1, 2013 and Provisional Administration Measures for the Proceeds from Pre-sales of Commodity Buildings of Rudong (《如東縣商品房預售資金監督管理暫行辦法》) promulgated by Administration of Housing and Urban-rural Development of Rudong on September 18, 2012. The above rules states that proceeds from pre-sales of commodity buildings should be managed. Besides, the real estate developer should sign an agreement on the supervision of proceeds from pre-sales of commodity buildings with the supervise bank, and set up a

REGULATORY OVERVIEW

specific bank account for those proceeds. In addition, proceeds from pre-sales of commodity buildings shall be deposited in the said account. Furthermore, Notice on Carrying Out Third-party Custody of Proceeds from Pre-sales of Newly-built Commercial Buildings in Urban Areas (《關於開展市區新建商品房預售資金第三方託管工作的通知》) promulgated by Housing and Real Estate Administration of Changzhou on October 10, 2016, stipulates that the real estate developer is obliged to sign a custody agreement with a trustworthy institution on the supervision of the proceeds from pre-sales of commodity buildings, and set up a specific bank account for those proceeds. The total amount of custody proceeds is equal to the construction funds required for the pre-sales construction project including major and supporting construction project.

According to Notice on Further Optimizing the Third-party Custody Work of Proceeds from Pre-sales of Newly-built Commodity Buildings (《關於進一步優化新建商品房預售資金第三方託管工作的通知》) promulgated by Housing and Real Estate Administration of Changzhou on November 30, 2018, Owners of the newly-built commodity buildings making full payments or making payments through mortgages should be provided with the third-party custody service so as to achieve the full implementation of the third-party custody work.

In accordance with the Administration Measures for the Proceeds from Pre-sales of Commodity Buildings of Luoyang (《洛陽市商品房預售資金監管辦法》) promulgated by General Office of the Government of Luoyang on December 17, 2015 and effective as of the same date, stipulated that the real estate developer shall make an agreement on the management and control of proceeds from pre-sales of commodity buildings with the supervise bank. Besides, real estate developer shall make a specific bank account for those proceeds. The pre-sales permit could only be granted when the real estate developer has signed the above-mentioned supervision agreement and has the specific bank account. Furthermore, proceeds from pre-sales of commodity buildings shall be directly deposited in the said account. The usage of proceeds is subject to the supervision of the bank.

Under the Sale Measures, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) 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 a real estate developer; (ii) the enterprise has obtained a land use rights certificate or other approval documents of land use; (iii) the enterprise has obtained the construction work planning permit and the construction work commencement permits; (iv) the commodity buildings have been completed and been inspected and accepted as qualified; (v) the relocation of the original residents has been well settled; (vi) 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 of have been specified; and (vii) the property management plan has been completed.

Notice on Promulgation of the Provisions on Listed Pricing in Sale of Commodity Buildings (《關於發佈〈商品房銷售明碼標價規定〉的通知》) 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 commodity properties.

On April 13, 2010, the MHURD promulgated the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-Sale System of Commodity Housing (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》). The Circular requires to improve monitoring systems of pre-sale payment. Improvement of commodity housing pre-sale capital supervision system shall be accelerated. Regions that have not established the supervision system shall accelerate the formulation of local supervision measures of commodity housing pre-sale capitals. All commodity housing pre-sale capitals shall be put into the supervision accounts to be subject to the supervision by supervisory authorities so as to ensure that pre-sale capitals to be used on construction of commodity premise projects; pre-sale capital will be allocated in line with construction progresses, provided that enough capitals shall be reserved to ensure completion and delivery of the projects. According to the actual situation, each region has formulated its own measures on supervision and administration of commodity housing pre-sale funds.

Regulations on Industry Policies

On April 17, 2010, the State Council issued the Notice on Resolutely Restraining Over-rise of Housing Prices in Some Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which requires that each district and each department practically implement their duty to stabilize housing prices and residential housing guarantees and unreasonable housing demands should be strictly restricted. On February 26, 2013, the General Office of the State Council issued the Notice on Continuous Regulation of Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》) 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) home purchase restrictions, (ii) increased down payment requirement for second residential buildings purchase, (iii) suspending mortgage financing for third or more residential-buildings purchase and (iv) 20% individual income tax rate applied to the gain from the sale of buildings. The Notice requires, among other restrictive measures, to improve the responsibility system for stabilizing housing prices and restrain purchases of residential housing for investment and speculation purposes.

Regulations on Anti-Unfair Competition

Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated on September 2, 1993, subsequently amended on November 4, 2017, April 23, 2019 and effective as of April 23, 2019, which was formulated by Standing Committee of the National People's Congress for the purpose of promoting the healthy development of the socialist market economy, encouraging and protecting fair competition, preventing acts of unfair competition, and protecting the legitimate rights and interests of business operators and consumers. According to the Anti-Unfair Competition Law of the People's Republic of China, the premium sale shall not involve the following situations: (1) premium sale without specifying the prize types, terms for prizes redemption, the amounts of cash prizes, or other related information that will affect the prizes redemption; (2) conducting prize-giving sales in a fraudulent way that falsely claims to have prizes or deliberately gives prizes to designated persons; and (3) premium sale in the form of a lucky draw where the amount of the highest prize exceeds RMB50,000.

The Notice on Further Improving Differentiated Housing Credit Lending Policies (《中國人民銀行、中國銀行業監督管理委員會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 the China Banking Regulatory Commission ("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 its 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.

According to the Notice on Issues Concerning the Housing Loan Policy for Individuals promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and the Circular of the PBOC and the CBRC on Issues Relevant to the Adjustment of Personal Housing Loan Policy (《中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知》) promulgated 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, and 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

REGULATORY OVERVIEW

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.

Regulations on Trust Financing

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purpose 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 Business 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.

Regulations on Lease and Mortgage of Buildings

Both the Development 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, the MHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "New Lease Measures"), which become effective on February 1, 2011. Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after the execution of lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB10,000. Under the Contract Law of the People's Republic of China (《中華人民共和國合同法》) promulgated on March 15, 1999, the term of a leasing contract shall not exceed 20 years.

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》) issued on March 16, 2007, the Guarantee Law of the People's Republic of China (《中華人民共和國擔保法》) issued on June 30, 1995, and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》) issued on May 9, 1997 and amended on August 15, 2001. According to these laws and regulations, land use rights, the buildings and other attachments on the ground may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign 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 parties to the mortgage 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 to the mortgagee.

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

REGULATORY OVERVIEW

LAWS AND REGULATIONS GOVERNING CONSTRUCTION PROJECTS

Regulations on Fire Prevention Management

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the Standing Committee of the National People's Congress on April 29, 1998 which was amended on October 28, 2008 and on April 23, 2019, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction. Pursuant to Supervision and Administration of Fire Prevention of Construction Projects (《建設工程消防監督管理規定》) promulgated by the Ministry of Public Security on April 30, 2009, which was later amended on July 17, 2012 and took effect on November 1, 2012, the Provisions shall apply to the fire prevention supervision and administration of new construction, expansion, reconstruction (including indoor and outdoor improvement, thermal insulation in buildings and modification of uses) and other construction projects. This provisions also specifies the procedure and standard for review of fire facilities design and acceptance of fire prevention facilities.

Regulations on Civil Air Defense Property

Pursuant to Law of the People's Republic of China on National Defense (《中華人民共和國國防法》) promulgated by the Standing Committee of the National People's Congress on March 14, 1997, amended on August 27, 2009, national defense assets are owned by the state. Pursuant to Civil Air Defense Law of the People's Republic of China (《中華人民共和國人民防空法》), promulgated on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The State protects civil air defense facilities from damage. All organizations and individuals are prohibited to destroy or seize civil air defense facilities. The State encourages and supports enterprises, institutions, public organizations and individuals to invest in various ways in construction of civil air defense works. In time of peace, such works shall be used and managed by the investors and the income therefrom shall be owned by them. 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 (《國家人民防空辦公室關於頒佈〈人民防空工程平時開發利用管理辦法〉的通知》) 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.

Regulations on 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》) amended on April 24, 2014, 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》) issued on October 29, 1996 and amended on December 29, 2018, 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》) issued on October 28, 2002 and became effective on September 1, 2003, amended on July 2, 2016 and December 29, 2018, the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) issued on November 29, 1998 and amended on July 16, 2017 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》) issued on December 27, 2001 and amended February 1, 2002 amended on December 22, 2010. Pursuant to these laws and regulations, for a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction unit shall submit, before starting construction, the environmental impact report or environmental impact statement to the competent administrative department of environmental protection with the authority of examination and approval for approval. For a construction project for which an environmental impact registration form shall be filled in accordance with the law, the construction unit shall submit the environmental impact registration form to the competent administrative department of environmental protection at the county

REGULATORY OVERVIEW

level of the locality of the construction project for record-filing, according to the provisions of the competent administrative department of environmental protection under the State Council. After the construction of a construction project for which an environmental impact report or environmental impact statement prepared is completed, the construction unit shall make an acceptance check of the matching 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.

LAWS AND REGULATIONS GOVERNING FOREIGN EXCHANGE AND DIVIDEND DISTRIBUTION

Regulations on Foreign Exchange

The Foreign Exchange Administration Rules of the People's Republic of China (《中華人民共和國外匯管理條例》), promulgated on January 29, 1996 and last amended on August 5, 2008 by State Council, Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated on June 20, 1996 by PBOC, apply and provide regulatory provisions to the foreign exchange transactions for foreign-invested enterprises. Foreign-invested enterprises are permitted to convert after-tax dividends into foreign exchange and to remit such foreign exchange from their bank accounts in PRC.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "SAFE Circular No. 59") promulgated by SAFE on November 19, 2012, that became effective on December 17, 2012 and was further amended on May 4, 2015, October 10, 2018 and December 30, 2019, the approval for opening of the up-front fee foreign exchange account, foreign exchange capital account, asset realization account, and margin account has been canceled. The banks shall handle the account opening formalities for relevant account-opening subjects based on the information registered in the relevant operation system of the administration of foreign exchange. SAFE Circular No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

The Circular of the SAFE on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular No. 19") was promulgated on March 30, 2015 and became effective on June 1, 2015, and was amended on June 9, 2016, December 30, 2019 respectively. According to the SAFE Circular No. 19, a foreign-invested enterprise may, in response to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding Account for Foreign Exchange Settlement Pending Payment with the foreign exchange bureau (bank) at the place of registration.

The Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Notice No.16") was promulgated and became effective on June 9, 2016. According to the SAFE Notice No.16, enterprises registered in mainland China may also convert their foreign debts from foreign currency into RMB on self-discretionary basis. The SAFE Notice No.16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not

REGULATORY OVERVIEW

limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in mainland China. The SAFE Notice No.16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within mainland China unless otherwise specifically provided. Besides, the converted RMB shall not be used to make loans for unrelated enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprise.

Regulations on Dividend Distribution

The PRC Company Law, the FIL and its implementation law, regulate the distribution of dividends by foreign invested enterprises. Under the laws and regulations above, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. Wholly foreign owned enterprises are required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves have reached 50% of its registered capital. These reserves are not distributable as cash dividends.

LAWS AND REGULATIONS GOVERNING TAXATION

Regulations on Enterprise Income Tax

On March 16, 2007, the National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the State Council enacted The Regulations for the Implementation of the Law on Enterprise Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) on January 1, 2008 which amended and became effective on April 23, 2019 (collectively, the "EIT Law"). According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in mainland China, or if they have formed permanent establishment institutions or premises in mainland China but there is no actual relationship between the relevant income derived in mainland China and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside mainland China.

Regulations on Value-added Tax

The Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were subsequently amended on November 10, 2008 and came into effect on January 1, 2009 and subsequently amended on February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》) were promulgated by the Ministry of Finance and the State Administration of Taxation ("SAT") on December 15, 2008 which were subsequently amended on October 28, 2011 and came into effect on November 1, 2011 (collectively, the "VAT Law"). According to the VAT Law, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of mainland China must pay value-added tax. For general VAT taxpayers selling or importing goods other than those specifically listed in the VAT Law, the value-added tax rate is 17%. On April 4, 2018, the Ministry of Finance and the SAT promulgated the Notice on Adjusting Value-added Tax Rates (《關於調整增值稅稅率的通知》), which reduced the tax rates for sale, import, and export of goods.

REGULATORY OVERVIEW

On March 23, 2016, the Ministry of Finance and the SAT jointly issued the Circular on Full Implementation of Business Tax to Value-added Tax Reform (《關於全面推開營業稅改征增值稅試點的通知》) (the “Circular 36”) which has been partially repealed on July 1, 2017 and January 1, 2018, confirms that business tax would be completely replaced by VAT from May 1, 2016.

Announcement of the SAT on Promulgating the Administrative Measures for the Exemption of Value-added Tax on Cross-border Taxable Activities under the Collection of Value-added Tax in Lieu of Business Tax (for Trial Implementation) (《國家稅務總局關於發佈〈營業稅改征增值稅跨境應稅行為增值稅免稅管理辦法(試行)〉的公告》), which was promulgated on May 6, 2016 and amended on June 15, 2018, provides that if a domestic enterprise provides cross-border taxable services such as technology transfer, technical consulting, software service etc., the above mentioned cross-border taxable services shall be exempt from the value-added tax.

On January 8, 2011, the State Council promulgated the Interim Regulations of the People’s Republic of China on Land Value Increment Tax (Revised in 2011) (《中華人民共和國土地增值稅暫行條例(2011年修訂)》). On January 27, 1995, the Circular of SAT and the Ministry of Finance on Printing and Issuing the Detailed Rules for Implementing the Interim Regulations of the People’s Republic of China on Land Value-Added Tax (《財政部、國家稅務總局關於印發〈中華人民共和國土地增值稅暫行條例實施細則〉的通知》). According to the regulations above, all entities and individuals receiving income from the transfer of state-owned land use rights, ground buildings and their attachments (the “transfer of real estate”) are taxpayers of the land value increment tax (the “taxpayers”), land value increment tax shall be assessed and collected based on the amount of increased value received by the taxpayers from the transfer of real estate and the tax rates prescribed in the Regulations. Four levels of progressive rates will be adopted for the land value increment tax: a) for part of the amount of increased value not exceeding 50% of the sum of deductible items, the tax rate is 30%; b) for the part of the amount of increased value exceeding 50% but not exceeding 100% of the sum of deductible items, the tax rate is 40%; c) for the part of the amount of increased value exceeding 100% but not exceeding 200% of the sum of deductible items, the tax rate is 50%; d) for the part of the amount of increased value exceeding 200% of the sum of deductible items, the tax rate is 60%. Taxpayers shall declare tax to the competent tax authorities where the real estate is located within seven days of signing the real estate transfer agreements, and pay the land value increment tax within the period specified by the tax authorities.

On March 20, 2019, Ministry of Finance, State Administration of Taxation, General Administration of Customs promulgated the Announcement of Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) which became effective on April 1, 2019. For general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Regulations on Business Tax of Real Estate Transfer

The Notice of the Ministry of Finance and the SAT on Adjustments to Policies on Business Tax on Transfer of Housing by Individuals (《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》) promulgated on March 30, 2015 and 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 SAT and the MHURD on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《關於調整房地產交易環節契稅、營業稅優惠政策的通知》) promulgated on February 17, 2016 and 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

REGULATORY OVERVIEW

(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 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.

Regulations on Dividend Withholding Tax

The EIT Law provides that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises”, and gains derived by such investors, which (a) do not have an establishment or place of business in mainland China or (b) have an establishment or place of business in mainland China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within mainland China. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our foreign shareholders reside.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Double Tax Avoidance Arrangement”) issued on August 21, 2006, and other applicable mainland Chinese laws, if a Hong Kong resident enterprise is determined by the competent tax authority in mainland China to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the “Notice No. 81”) issued on February 20, 2009 by the SAT, if the relevant Chinese tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such Chinese tax authorities may adjust the preferential tax treatment.

Based on Notice on How to Understand and Determine the “Beneficial Owners” in Tax Agreements (《國家稅務總局關於如何理解和認定稅收協定中“受益所有人”的通知》) (the “Notice No. 601”), issued on October 27, 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. On February 3, 2018, SAT issued the Announcement on Issues Relating to “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which became effective on April 1, 2018 and “the Notice 601” was repealed simultaneously. The Announcement of the SAT on Issues Relating to “Beneficial Owner” in Tax Treaties stipulates issues relating to determination of “beneficial owner” status in clauses of tax treaties on dividends, interest and royalties.

According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (“The Measures”) (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), which was promulgated on October 14, 2019 and became effective on January 1, 2020. The Measures prescribe that, regarding entitlement to treaty benefits for non-resident taxpayers, a non-resident taxpayer shall make a self-judgment as to whether it is eligible for treaty benefits, and if yes, file an application voluntarily for such benefits and retain relevant materials for future reference. In case a non-resident taxpayer voluntarily claims the treaty benefits, as it believes it meets the conditions for enjoying treaty benefits and needs to enjoy them, it shall submit the Information Reporting Form for Entitlement to Treaty Benefits for Non-resident Taxpayers together with the application, and gather together and retain the materials specified in the Measures for

REGULATORY OVERVIEW

future reference. Moreover, the Measures expressly state that where a non-resident taxpayer finds that it is not eligible to enjoy but has already enjoyed the treaty benefits, which results in fewer or no tax payments, it shall voluntarily file tax returns with the competent tax authority and pay the tax arrears. Competent tax authorities shall establish credit records for those non-resident taxpayers that enjoy treaty benefits in an inappropriate manner, and take follow-up administrative measures accordingly.

According to the Notice on Widening the Scope of Application of Temporary Waiver for Withholding Income Tax for Overseas Investors Using Distributed Profits for Direct Investments (《關於擴大境外投資者以分配利潤直接投資暫不徵收預提所得稅政策適用範圍的通知》) jointly issued by Ministry of Finance, SAT, the NDRC and the MOFCOM on September 29, 2018 which became effective on January 1, 2018, for the profits distributed by overseas investors from domestic resident enterprises in China, the scope of application of withholding income tax policy for domestic direct investment shall be extended from the foreign investment encouraged projects to cover all non-prohibited foreign investment projects and fields.

LAWS AND REGULATIONS GOVERNING INTELLECTUAL PROPERTY RIGHTS

Regulations on Trademark

Trademarks are protected by the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (the "Trademark Law") which was promulgated on August 23, 1982 which was subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively and will become effective on November 11, 2019 as well as the Implementation Regulation of the Trademark Law of the People's Republic of China (Revised in 2014) (《中華人民共和國商標法實施條例(2014年修訂)》) adopted by the State Council on April 29, 2014. According to the Trademark Law, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the State Administration of Industry and Commerce, handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As for trademarks, the Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Name

Internet domain name registration and related matters are primarily regulated by CNNIC Implementing Rules of Domain Name Registration (2012 Revision) (《中國互聯網絡信息中心域名註冊實施細則(2012修訂)》) issued by China Internet Network Information Center ("CNNIC"), which became effective on May 29, 2012, the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), issued by the MIIT on August 24, 2017 and effective as of November 1, 2017, and the Measures of the CNNIC on Domain Name Disputes Resolution (2014 Revision) (《中國互聯網絡信息中心域名爭議解決辦法(2014修訂)》) became effective on September 1, 2014. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

REGULATORY OVERVIEW

LAWS AND REGULATIONS GOVERNING LABOR PROTECTION

The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (the "Labor Contract Law"), which was implemented on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating employee and employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated on July 5, 1994 and became effective on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in mainland China. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, The Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated on January 22, 1999 which amended and became effective on March 24, 2019 and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in mainland China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019 respectively, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

OUR BUSINESS DEVELOPMENT

The history of our Group can be traced back to August 2007 when Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling (together, the “**Lui Family**”) established Ganglong Realty in Changzhou.

Prior to establishment of our Group, our Controlling Shareholders were mainly engaged in managing and operating their textile trading business.

Our founders and early history of our Group

On March 4, 1993, Mr. Lui Wing Wai, Mr. Lui Wing Mau and Mr. Lui Wing Nam (the “**Lui Brothers**”) established Kin Hing Hong Textiles Limited (“**Kin Hing Hong**”) in Hong Kong, which is a Hong Kong based company principally engaged in trading of textile products. Through managing and operating Kin Hing Hong, Lui Brothers equipped themselves with extensive knowledge and entrepreneurial experience in business development, sales and corporate management.

In the mid-2000s, in view of the increased competition and limited growth in the textile trading industry, the Lui Brothers actively looked for opportunities in other industries. Subsequently, through the promotional campaign held by the Changzhou municipal government in Hong Kong aiming to attract investors to invest in Changzhou, the Lui Brothers saw the growth opportunity in Changzhou and the real estate market in the PRC and decided to venture into the property development industry.

Our business development

In August 2007, the Lui Family established Ganglong Realty, using their wealth accumulated through shares of earnings of Kin Hing Hong as shareholders since its establishment and from other personal investments and bank loans, which successfully obtained the land use rights for two parcels of land in Changzhou in 2007, where our Group launched the first residential project Ganglong Hua Ting (港龍華庭) and commercial project Ganglong Shang Ceng (港龍尚層) in 2008.

Building on our success in Changzhou as our home base, we expanded our footprint in surrounding cities in the Yangtze River Delta Region in 2012 to capitalize on the fast-paced economic development in the region.

Since the establishment of our Group and before 2016, our Group developed and commenced sales of one commercial property, namely Ganglong Shang Ceng (港龍尚層) in Changzhou and five residential properties, namely, Ganglong Hua Ting (港龍華庭), Ganglong Bauhinia Residence (港龍紫荊城) and Phase I of the Hong Kong Masterpiece (新港城) in Changzhou, Hua Qiao Cheng (華僑城) in Yancheng and Hong Kong City (香江華庭) in Changshu and our Group’s working capital during this period was primarily financed by (i) equity contributions from our Controlling Shareholders, (ii) cash generated from operations including proceeds from the sales or pre-sale of our properties, (iii) bank borrowings; and (iv) advances from our Controlling Shareholders.

We have built a strong presence in the Yangtze River Delta Region, particularly in Changzhou, Changshu, Yancheng, Lianyungang and Nantong in Jiangsu province and Hangzhou, Jiaxing, Huzhou and Shaoxing in Zhejiang province. Leveraging our brand, experience and execution capability in property development, we further expanded into Shanghai, a first-tier city, and major cities in Henan and Guizhou provinces in 2018.

Capitalising on our established reputation in Changshu and Changzhou and years of solid experience in property development, an important milestone of our Group took place in 2015 which facilitated our Group’s rapid expansion since then. In late 2015, our Group’s management became acquainted with the investment manager of the Jiangsu Shanghai region of Country Garden in land sale presentation events organised by local governments and we started our first jointly developed project with Country Garden in Changshu, which was the second project of Country Garden in Changshu. The land parcel of the project was first acquired by Country Garden through land bidding in September 2015.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Considering the attractive development potential and location of the land parcel, as well as the reputation of Country Garden as a property developer, we sought to cooperate with Country Garden and we entered into a cooperation agreement with them to acquire 40% interest in the project company in late 2015. Grasping the opportunity, our Group commenced the pre-sales of Country Garden — Lingyu (碧桂園 • 領譽) in January 2016 in Changshu, as the first residential development project through cooperation with reputable property developer.

Inspired by the cooperation with Country Garden, our Directors took a strategic decision to further explore the opportunities to cooperate with other third party business partners, particularly, sizeable and reputable property developers and consider that our strategic partnership with these third-party business partners is mutually beneficial to us and our business partners. Please see “Summary — our business model” and “Business — our business model and cooperation with third-party business partners”. This development strategy accelerated the business growth of our Group whereby the number of our jointly developed projects have increased from six projects as of December 31, 2016 to 24, 35 and 49 projects as of December 31, 2017, 2018 and 2019 at various stages of development, which can provide us sustainable cash flow from the sale of properties and ensure that we have sufficient cash flow to support our development cost, land bidding and acquisition activities when opportunity arises and our Group was able to turnaround our financial performance from recording an accumulated loss of RMB70.0 million as of January 1, 2016 to maintaining retained earnings amounted to RMB791.9 million as of December 31, 2019. In 2016, our revenue was RMB471.9 million, our gross profit was RMB100.6 million and our profit and total comprehensive income was RMB39.4 million. For further details of our financial performance during the Track Record Period, please refer to the section headed “Financial Information” of this prospectus.

During the Track Record Period and up to the Valuation Date, we have established our presence in 22 cities, with 64 development projects, developed by our subsidiaries, joint ventures and associated companies, among which 49 projects were jointly developed with third-party partners under renowned brands such as Country Garden, Zhongnan Construction, Sunac China, Redsun Properties, Seazen, Black Peony and Zhenro Properties. Our Group achieves synergetic benefits through the cooperation, which further enhances our sustainable development.

IMPORTANT BUSINESS MILESTONES:

The following table sets a summary of our Group’s key business development milestones:

Year	Milestone event
August 2007	Ganglong Realty was established in Changzhou, Jiangsu province.
August 2008	We commenced the sale of Ganglong Shang Ceng (港龍尚層) in Changzhou, Jiangsu province, our first commercial project.
October 2008	We commenced the sale of Ganglong Hua Ting (港龍華庭), our first residential development in Changzhou, Jiangsu province.
December 2009	We obtained the land use rights of a land parcel in Changzhou, Jiangsu province.
June 2011	We commenced the sale of Ganglong Bauhinia Residence (港龍紫荊城).
October 2011	Our project – Ganglong Bauhinia Residence (港龍紫荊城) was awarded with Advance and Comprehensive Unit in third quarter 2011 by the Urban-Rural Construction Bureau of Changzhou City.
June 2012	We commenced the sales of Hua Qiao Cheng (華僑城) in Yancheng, Jiangsu province, marking our expansion out of Changzhou and step into other cities in the Yangtze River Delta Region.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Year	Milestone event
April 2014	We commenced the sales of Hong Kong City (香江華庭), establishing our presences in Changshu, Jiangsu province.
January 2016	We commenced the sales of Country Garden Lingyu (碧桂園領譽) at Changshu, Jiangsu province, the first residential development project with our associated company.
March 2017	We were recognized for the first time as one of the Top 10 Enterprises of Real Estate Developers (房地產十佳企業) by Housing and Urban-Rural Construction Bureau of Wujin District of Changzhou (常州市武進區住房和城鄉建設局).
May 2017	We commenced the sales of Jing Shan Xiu Shui (景山秀水), establishing our presence in Lianyungang, Jiangsu province.
November 2017	We commenced the sales of our residential development, Taihu Mansion (太湖天地), marking our expansion out of Jiangsu province and establishing our presence in Huzhou, Zhejiang province.
April 2018	We successfully obtained the land use rights for the development of Mansion Grand (雍河尚院) at Luoyang, Henan province, expanding our business operation towards the central China area.
September 2018	We set foot in southwestern China by obtaining the land use rights of a land parcel for our development project, Ganglong – Park Mansion (港龍•東湖桃源) at Panzhou, Guizhou province.
September 2018	We expanded our residential development in Chongming Island, Shanghai, one of the first-tier cities in China.
June 2019	We relocated our headquarters to Shanghai to further carry out our business strategies

OUR CORPORATE DEVELOPMENT

Our Company has a number of subsidiaries incorporated in the BVI, HK and the PRC. Details of our Company and the major subsidiaries of our Group and their respective corporate histories are set out below.

Our Company

Our Company was incorporated on October 8, 2018 as an exempted company in the Cayman Islands. As a result of the Reorganization, our Company became the holding company of our Group, for further details, please refer to the paragraph headed “Reorganization” below.

Our principal operating subsidiaries, joint ventures and associates in the PRC

We generally undertake our property projects through establishing project companies which are our subsidiaries, joint ventures or associates. We have also established a number of intermediate investment holding companies in the PRC to hold some of our project companies.

Our principal subsidiaries⁽¹⁾

We describe below our principal PRC operating subsidiaries which were material to the performance of our Group during the Track Record Period and up to the Latest Practicable Date.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects undertaken by it	Shareholder(s) as of the Latest Practicable Date (shareholding percentage)
1. Ganglong Realty	August 13, 2007	US\$42,857,000	Property development	(i) Ganglong Shang Ceng (港龍尚層) (ii) Ganglong Hua Ting (港龍華庭)	Ganglong HK (49%) Ganglong (China) (51%)
2. Ganglong Huayang	November 20, 2012	US\$53,061,000	Property development	The Hong Kong Masterpiece (新港城)	Ganglong HK (49%) Ganglong (China) (51%)
3. Ganglong Mingyang	February 9, 2010	US\$6,800,000	Property development	Ganglong Bauhinia Residence (港龍紫荊城)	Ganglong HK (49%) Ganglong Realty (51%)
4. Ganglong (China) ⁽²⁾	January 23, 2019	RMB1,000,000,000	Property development	Not applicable	Ganglong HK (100%)
5. Yancheng Ganglong	August 17, 2010	RMB200,000,000	Property development	(i) Hua Qiao Cheng (華僑城) (ii) Hua Qiao Xin Cheng (華僑新城)	Ganglong Realty (100%)
6. Lianyungang Ganghua	May 16, 2016	RMB75,000,000	Property development	Jing Shan Xiu Shui (景山秀水)	Ganglong Realty (67%) Yancheng Ganglong (33%)
7. Jiangsu Ganghua ⁽²⁾	August 9, 2013	RMB100,000,000	Property development	Hong Kong City (香江華庭)	Ganglong Realty (100%)
8. Changshu Ganghua ⁽²⁾	January 4, 2016	RMB100,000,000	Property development	(i) Xiang Yu Hua Ting (香語華庭) (ii) Xiang Lan Hua Ting (香瀾華庭)	Ganglong Realty (95%) Jiangsu Ganghua (5%)
9. Guizhou Ganghua ⁽²⁾	May 21, 2018	RMB100,000,000	Property development	Ganglong – Park Mansion (港龍•東湖桃源)	Changzhou Ganglian (100%)
10. Luoyang Ganglong	November 26, 2013	RMB10,000,000	Property development	Mansion Grand (雍河尚院)	Ganglong Realty (90%) Ms. Huang Biyue (10%)

Notes:

- Our principal PRC operating subsidiaries include (i) major holding companies in the PRC; (ii) subsidiaries which we consider to be significant in regions and segments where we operate; and (iii) subsidiaries with projects which had substantially contributed to more than 5% of our Group's revenue during any years of the Track Record Period.
- There has been no change in capital or shareholding structure since establishment in respect of these principal operating subsidiaries in the PRC.

We set out below major changes in equity interest of our principal operating subsidiaries in the PRC.

Ganglong Realty

Ganglong Realty was established in the PRC as a company with limited liability on August 13, 2007 by Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling (as beneficial owner and as nominee holder for his father, Mr. Lui Wing Mau) with an initial registered capital of US\$20 million. Ganglong Realty has undergone several changes in its registered capital since its establishment and before the Track Record Period.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Immediately before the Reorganization, the equity interest of Ganglong Realty was held by Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy, Mr. Lui Wing Nam, Mr. Lui Jin Ling as to 20.69%, 20.38%, 18.48%, 15.03% and 25.42%^{Note} respectively.

As part of the Reorganization, on November 29, 2018, Mr. Lui Jin Ling, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai transferred their respective 25.42%, 20.69%, 15.03%, 18.48% and 20.38% equity interests in Ganglong Realty to Ganglong HK, and on July 31, 2019, the registered capital of Ganglong Realty was increased from US\$21 million to US\$42.857 million upon completion of a capital injection by Ganglong (China). After such capital injection, the equity interest of Ganglong Realty was owned by Ganglong HK and Ganglong (China) as to 49% and 51% respectively. For further details, please refer to the paragraph headed “Reorganization” below in this section.

Note: Among the 25.42% equity interest held by Mr. Lui Jin Ling, Mr. Lui Jin Ling held 15.25% as beneficial owner and 10.17% as nominee holder for the benefit of Mr. Lui Wing Mau, his father.

Ganglong Huayang

Ganglong Huayang was established in the PRC as a company with limited liability on November 20, 2012 by Mr. Lui Wing Wai, Mr. Lui Wing Nam and Mr. Lui Wing Mau with an initial registered capital of US\$16 million.

On October 20, 2016, the then shareholders of Ganglong Huayang, namely, Mr. Lui Wing Wai, Mr. Lui Wing Nam and Mr. Lui Wing Mau agreed to increase the registered capital of Ganglong Huayang to US\$26 million, with Mr. Lui Jin Ling, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai subscribing US\$2.425 million, US\$3.375 million and US\$4.2 million of the new registered capital respectively. The relevant registration procedures were completed on November 23, 2016. After the capital increase and immediately before the Reorganization, the equity interest of Ganglong Huayang was held by Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Wing Mau and Mr. Lui Jin Ling as to 25.85%, 16.15%, 20.31%, 12.98%, 15.38% and 9.33% respectively.

As part of the Reorganization, on December 6, 2018, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai transferred their respective 25.85%, 20.31%, 15.38%, 9.33%, 12.98% and 16.15% equity interests in Ganglong Huayang to Ganglong HK, and on August 1, 2019, the registered capital of Ganglong Huayang was increased from US\$26 million to US\$53.061 million upon completion of a capital injection by Ganglong (China). After such capital injection, the equity interest of Ganglong Huayang was owned by Ganglong HK and Ganglong (China) as to 49% and 51% respectively. For further details, please refer to the paragraph headed “Reorganization” below in this section.

Ganglong Mingyang

Ganglong Mingyang was established in the PRC as a company with limited liability on February 9, 2010 by Ganglong Realty, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling with an initial registered capital of US\$15 million.

On October 12, 2016, the then board of directors of Ganglong Mingyang agreed to reduce the registered capital of Ganglong Mingyang from US\$15 million to US\$5 million in proportion to the shareholding of the then shareholders of Ganglong Mingyang. The relevant registration procedures were completed on January 11, 2017. After the capital reduction and immediately before the Reorganization, the equity interest of Ganglong Mingyang was held by Ganglong Realty, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling as to 33.33%, 28%, 22.5% and 16.17% respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

As part of the Reorganization, on December 6, 2018, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling transferred their respective 28%, 22.5% and 16.17% equity interests in Ganglong Mingyang to Ganglong HK, and on August 1, 2019, the registered capital of Ganglong Mingyang was increased from US\$5 million to US\$6.8 million upon completion of a capital injection by Ganglong Realty. After such capital injection, the equity interest of Ganglong Mingyang was owned by Ganglong HK and Ganglong Realty as to 49% and 51% respectively. For further details, please refer to the paragraph headed “Reorganization” below in this section.

Yancheng Ganglong

Yancheng Ganglong was established in the PRC as a company with limited liability on August 17, 2010 by Ganglong Realty and Ms. Pan Ruixi, the spouse of Mr. Lui Chi Chung Jimmy, with an initial registered capital of RMB50 million.

On November 11, 2016, the registered capital of Yancheng Ganglong was increased from RMB50 million to RMB100 million.

On October 30, 2018, Ms. Pan Ruixi entered into an equity interest transfer agreement with Ganglong Realty in relation to the transfer of her 2.5% equity interests in Yancheng Ganglong to Ganglong Realty for a consideration of RMB7,706,435.34, with reference to the valuation of Yancheng Ganglong as of September 30, 2018 performed by an independent valuer. Upon completion of the above transfer with the relevant business registration on December 6, 2018, Yancheng Ganglong became a wholly-owned subsidiary of our Group. On March 5, 2019, the registered share capital of Yancheng Ganglong was increased from RMB100 million to RMB200 million.

Lianyungang Ganghua

Lianyungang Ganghua was established in the PRC with limited liability on May 16, 2016 by Ganglong Realty with an initial registered capital of RMB50 million.

On January 5, 2017, Ganglong Realty agreed to increase the registered capital of Lianyungang Ganghua from RMB50 million to RMB75 million, with Yancheng Ganglong subscribing the new registered capital of RMB25 million. The relevant registration procedures were completed on January 10, 2017. Since the capital increase, Lianyungang Ganghua is held by Ganglong Realty and Yancheng Ganglong as to 67% and 33% respectively.

Luoyang Ganglong

Luoyang Ganglong was established in the PRC with limited liability on November 26, 2013 as Luoyang Jingxin Ecology and Cultural Garden Co., Ltd.* (洛陽淨心生態文化園有限公司) by Independent Third Parties with an initial registered capital of RMB10 million.

On April 19, 2018, Ganglong Realty entered into an equity interest transfer agreement with Ms. Tuo Ling, the then shareholder of Luoyang Ganglong who is an Independent Third Party and has no past or present business, employment, family, financial or any other relationships with our Group, our Directors, senior managements or their respective associates in relation to the transfer of her 90% equity interests in Luoyang Ganglong to Ganglong Realty. The consideration for the acquisition of 90% of the equity interest of Luoyang Ganglong is approximately RMB1.4 million, which was determined with reference to the net asset value of Luoyang Ganglong at the time of the acquisition primarily comprised of property under development (mainly consist of land use rights) of approximately RMB57.3 million, other receivables of approximately RMB13.4 million and net of other payables of approximately RMB69.2 million. Upon completion of the above transfer with the relevant business registration on April 20, 2018, Luoyang Ganglong is held by Ganglong Realty and Ms. Huang Biyue, an Independent Third Party as to 90% and 10% respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Luoyang Ganglong is the project company for Mansion Grand (雍河尚院), our residential project located in Luoji Highway North, Liuzhai Village, Zhaoyang Town, Mengjin County, Luoyang City, Henan province with a total site area of 95,168.00 sq.m. on four parcels of land. Prior to our acquisition, Luoyang Ganglong secured the relevant land use rights of the four parcels of land in June and November 2015 from the primary market and secondary market, at an aggregate consideration of approximately RMB52.1 million. Please refer to the section headed “Our Property Development Projects — A. Property Projects Developed by Our Subsidiaries — 28. Mansion Grand” and the property numbered 14 in the valuation report as set out in “Appendix III” to this prospectus for further information on the property under development held by Luoyang Ganglong.

On June 14, 2018, the shareholders of Luoyang Ganglong agreed to change its name to its current name Luoyang Ganglong Property Co., Ltd.* (洛陽港龍置業有限公司) and the relevant registration was completed on June 20, 2018.

Our principal joint ventures and associated companies in the PRC⁽¹⁾

Company name	Date of establishment	Paid in capital	Principal activities	Property development projects undertaken by it	Shareholder(s) as of the Latest Practicable Date (shareholding percentage)
1. 宜興市嘉譽房地產開發有限公司 (Yi Xing Jia Yu Real Estate Co., Ltd*)	November 29, 2017	RMB100,000,000	Property development	Lakeside Mansion (湖悅天境)	Ganglong Realty (20%) ⁽²⁾ Shanghai Xinbi Real Estate Development Co., Ltd.* (上海新碧房地產開發有限公司) (17%) Suzhou Hengchang Real Estate Development Co., Ltd.* (蘇州恒昌房地產開發有限公司) (20%) Zhengrong Zhengxing (Suzhou) Investment Co., Ltd.* (正榮正興(蘇州)投資有限公司) (20%) Wuxi Yubei Investment Co., Ltd.* (無錫市玖貝投資有限公司) (20%) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) (2%) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) (1%)
2. 常熟茂龍房地產開發有限公司 (Chang Shu Mao Long Real Estate Co., Ltd*)	July 31, 2018	RMB200,000,000	Property development	Shine Time (璀璨瀾庭)	Ganglong Realty (50%) ⁽²⁾ Suzhou Shimao Property Co., Ltd.* (蘇州世茂置業有限公司) (50%)
3. 常熟市虞山碧桂園房地產開發有限公司 (Changshu Yushan Country Garden Real Estate Development Co., Ltd.*)	September 21, 2015	RMB100,000,000	Property development	Country Garden – Lingyu (碧桂園•領譽)	Nantong Country Garden Real Estate Development Co., Ltd.* (南通市碧桂園房地產開發有限公司) (55.56%) Jiangsu Chongtong (40%) ⁽²⁾ Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) (3%) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) (1.44%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Company name	Date of establishment	Paid in capital	Principal activities	Property development projects undertaken by it	Shareholder(s) as of the Latest Practicable Date (shareholding percentage)
4. 海門中南錦冠置業有限公司 (Haimen Zhongnan Jinguan Property Co., Ltd.)*	December 6, 2016	RMB50,000,000	Property development	Romantic Bay (漫悅灣)	Haimen Zhongnan Century City Development Co., Ltd.* (海門中南世紀城開發有限公司) (66.5%) Ganglong Realty (30%) ⁽²⁾ Nantong Xinyuejin Information Consultancy Center (Limited Partnership)* (南通新悅錦信息諮詢中心(有限合夥)) (3.5%)
5. 鹽城市順碧房地產開發有限公司 (Yancheng Shunbi Real Estate Development Co., Ltd.)*	February 9, 2017	RMB25,000,000	Property development	Jun Yue Fu (瓔悅府)	Yancheng Country Garden Real Estate Development Co., Ltd.* (鹽城碧桂園房地產開發有限公司) (71.57%) Ganglong Realty (20%) ⁽²⁾ Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) (4.43%) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) (2.8%) Foshan Shunde Biying Management Consultancy Co., Ltd.* (佛山市順德區碧盈管理諮詢有限公司) (1.2%)
6. Changzhou Mudan	January 19, 2018	RMB540,000,000	Property development	Peony Sanjiang Huayuan (牡丹三江公園)	Changzhou Heimudan Property Co., Ltd.* (常州黑牡丹置業有限公司) (51%) Ganglong HK (24.5%) ⁽²⁾ Hongli Development Co., Ltd.* (鴻麗發展有限公司) (24.5%)
7. 浙江港達置業有限公司 (Zhejiang Gangda Property Co., Ltd.)*	March 16, 2017	RMB104,081,600	Property development	(i) Fontainbleau (楓丹壹號) (ii) Taihu Mansion (太湖天地)	Ganglong Realty (49%) ⁽²⁾ Changzhou Heimudan Property Co., Ltd.* (常州黑牡丹置業有限公司) (51%)
8. 湖州港宏置業有限公司 (Huzhou Ganghong Property Co., Ltd.)*	October 19, 2017	RMB20,000,000	Property development	Eastern Mansion (太湖天萃)	Jiangsu Gangda (60%) ⁽²⁾ Hongji Weiye (Hainan) Real Estate Management Group Co., Ltd.* (宏基偉業(海南)不動產管理集團有限公司) (40%)
9. 蘇州正璽房地產開發有限公司 (Suzhou Zhengxi Real Estate Development Co., Ltd.)*	August 17, 2018	RMB400,000,000	Property development	Zi Yu Hua Ting (紫譽華庭)	Zhengrong Group Sunan (Suzhou) Investment Co., Ltd.* (正榮集團蘇南(蘇州)投資有限公司) (31.845%) Pingtan Huihe Investment Development Co., Ltd.* (平潭匯和投資發展有限公司) (1.155%) Nanjing Midea Real Estate Development Co., Ltd.* (南京美的房地產發展有限公司) (34%) Ganglong Realty (33%) ⁽²⁾

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Company name	Date of establishment	Paid in capital	Principal activities	Property development projects undertaken by it	Shareholder(s) as of the Latest Practicable Date (shareholding percentage)
10. 海門錦嘉置業有限公司 (Hai Men Jin Jia Property Co., Ltd*)	March 14, 2017	RMB50,000,000	Property development	Run Yuan (潤園)	Ganglong Realty ⁽²⁾ (30%) Jiangsu Zhongnan Construction Group Co., Ltd.* (江蘇中南建設集團股份有限公司) (33.36%) Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司) (29.75%) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) (3.5%) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) (1.225%) Foshan Shunde District Biying Management Consulting Co., Ltd.* (佛山市順德區碧盈管理諮詢有限公司) (0.525%) Nantong Jinyuan Information Consulting Center (Limited Partnership)* (南通錦元信息諮詢中心(有限合夥)) (1.64%)

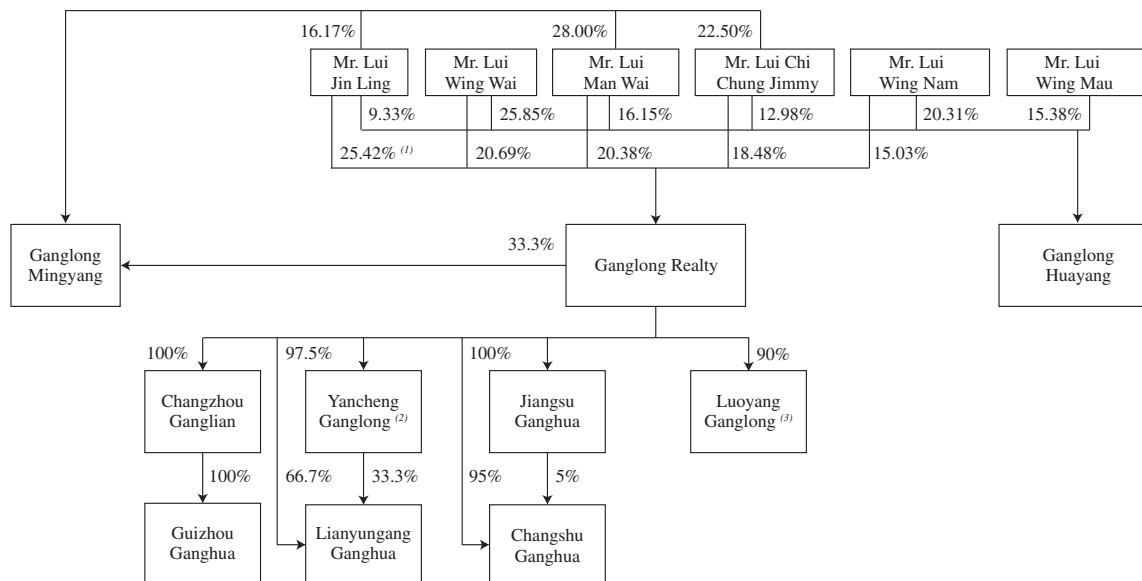
Note:

⁽¹⁾ Our principal PRC joint ventures and associates include joint ventures and associates with projects which our investment in them is 5% or more when compared with the net asset of our Group as of the end of any reporting period during the Track Record Period.

⁽²⁾ These companies are indirect wholly-owned subsidiaries of our Company.

REORGANIZATION

Set forth below is the simplified corporate structure of our Group before the commencement of the Reorganization:



Notes:

- Mr. Lui Jin Ling held 15.25% equity interest in Ganglong Realty as beneficial owner and held 10.17% equity interest as nominee holder for Mr. Lui Wing Mau, his father.
- The remaining 2.5% equity interest in Yancheng Ganglong was held by Ms. Pan Ruixi, the spouse of Mr. Lui Chi Chung Jimmy.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

3. *The remaining 10% equity interest in Luoyang Ganglong is held by an Independent Third Party.*
4. *The above chart includes shareholding information related to our major PRC operating subsidiaries as referred to in “— Our Corporate Development — our principal operating subsidiaries in the PRC” above. As of the Latest Practicable Date, we had 71 subsidiaries, among which 31 subsidiaries were not wholly owned by us. See “Statutory and General Information — A. Further information about our Company — 3. Particulars of our subsidiaries and jointly controlled entities” in Appendix V to this prospectus for details.*

Our Reorganization, which was effected in preparation for the Listing whereby our Company became the holding company of our Group, included the following major steps:

Incorporation of our Company and offshore special purpose vehicle

(a) Incorporation of Huaxing

On September 27, 2018, Huaxing was incorporated under the laws of the BVI and was authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Huaxing were allotted and issued, credited as fully paid, to Mr. Lui Wing Wai and Mr. Lui Man Wai respectively. Upon the said allotment and issuance, Huaxing is owned by Mr. Lui Wing Wai as to 60% and Mr. Lui Man Wai as to 40%.

(b) Incorporation of Hualian

On September 27, 2018, Hualian was incorporated under the laws of the BVI and was authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Hualian were allotted and issued, credited as fully paid, to Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively. Upon the said allotment and issuance, Hualian is owned by Mr. Lui Wing Nam as to 60% and Mr. Lui Chi Chung Jimmy as to 40%.

(c) Incorporation of Hualong

On September 27, 2018, Hualong was incorporated under the laws of the BVI and was authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Hualong were allotted and issued, credited as fully paid, to Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively. Upon the said allotment and issuance, Hualong is owned by Mr. Lui Jin Ling as to 60% and Mr. Lui Wing Mau as to 40%.

(d) Incorporation of our Company

On October 8, 2018, our Company was incorporated under the laws of the Cayman Islands with an authorized share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. One Share was allotted and issued, credited as fully paid, to the initial subscriber, which was subsequently transferred to Huaxing on the same day. On the same day, 419 shares, 330 shares and 250 shares of our Company were allotted and issued, credited as fully paid, to Huaxing, Hualian and Hualong respectively. Upon the said share transfer and allotment and issuance, our Company is owned by Huaxing as to 42%, Hualian as to 33% and Hualong as to 25%.

(e) Incorporation of Huayang

On October 9, 2018, Huayang was incorporated under the laws of the BVI and was authorized to issue a maximum number of 50,000 shares with a par value of US\$1.00 each. On the same date, one share of Huayang was allotted and issued to our Company. Upon the said allotment and issuance, Huayang is wholly-owned by our Company.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

(f) Incorporation of Ganglong HK

On October 19, 2018, Ganglong HK was incorporated under the laws of Hong Kong. On the same date, one share of Ganglong HK was allotted and issued to Huayang. Upon the said allotment and issuance, Ganglong HK is wholly-owned by Huayang.

Acquisition of the entire equity interest of Ganglong Realty, 66.7% equity interest of Ganglong Mingyang and the entire equity interest of Ganglong Huayang by Ganglong HK

(a) Acquisition of the entire equity interest of Ganglong Realty by Ganglong HK

On November 8, 2018, Mr. Lui Jin Ling, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai entered into the Ganglong Realty Equity Transfer Agreement with Ganglong HK in relation to the transfer of their respective 25.42%, 20.69%, 15.03%, 18.48% and 20.38% equity interests in Ganglong Realty to Ganglong HK for considerations of US\$5,337,330.96, US\$4,344,790.33, US\$3,156,343.49, US\$3,879,969.61 and US\$4,281,565.61 respectively, which was determined with reference to the registered share capital of Ganglong Realty.

On November 29, 2018, the above parties entered into a consideration settlement agreement pursuant to which the parties agree that the relevant consideration be settled by Ganglong HK allotting and issuing three ordinary shares of Ganglong HK to Huayang.

Upon completion of the above transfer with the relevant business registration on November 29, 2018, Ganglong Realty became a wholly-owned subsidiary of our Group.

(b) Acquisition of 66.7% equity interest of Ganglong Mingyang by Ganglong HK

On November 8, 2018, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling entered into the Ganglong Mingyang Equity Transfer Agreement with Ganglong HK in relation to the transfer of their respective 28%, 22.5% and 16.17% equity interests in Ganglong Mingyang to Ganglong HK for considerations of US\$1,400,000, US\$1,125,000 and US\$808,333, respectively, which was determined with reference to the registered share capital of Ganglong Mingyang.

On November 29, 2018, the above parties entered into a consideration settlement agreement pursuant to which the parties agree that the relevant consideration be settled by Ganglong HK allotting and issuing three ordinary shares of Ganglong HK to Huayang.

Upon completion of the above transfer with the relevant business registration on December 6, 2018, Ganglong Mingyang became a wholly-owned subsidiary of our Group.

(c) Acquisition of the entire equity interest of Ganglong Huayang by Ganglong HK

On November 8, 2018, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai entered into the Ganglong Huayang Equity Transfer Agreement with Ganglong HK in relation to the transfer of their respective 25.85%, 20.31%, 15.38%, 9.33%, 12.98% and 16.15% equity interests directly held by them in Ganglong Huayang to Ganglong HK. The total consideration involved was US\$16,000,000 which was determined with reference to the share capital paid up at the time of transfer. The considerations attributable to each of the transferors were US\$6,720,000, US\$5,280,000, US\$4,000,000, US\$0, US\$0 and US\$0 respectively, of which the share capital subscribed by Mr. Lui Jin Ling, Mr. Lui Chi Chung Jimmy and Mr. Lui Man Wai have yet been fully paid up at material time of transfer, which was in line with prescribed timeframe of the articles of association of Ganglong Huayang.

On November 29, 2018, the above parties entered into a consideration settlement agreement pursuant to which the parties agree that the relevant consideration be settled by Ganglong HK, being the transferee and ultimately controlled by the six individual transferors, allotting and issuing three

HISTORY, REORGANIZATION AND GROUP STRUCTURE

ordinary shares of Ganglong HK to Huayang, which is a direct shareholder of Ganglong HK and also ultimately controlled by the six individual transferors. The consideration for the transfer was settled by way of consideration shares without involving cash payment.

Upon completion of the above transfer with the relevant business registration on December 6, 2018, Ganglong Huayang became a wholly-owned subsidiary of our Group.

Acquisition of the remaining 2.5% equity interest in Yancheng Ganglong

On October 30, 2018, Ganglong Realty entered into an equity interest transfer agreement with Ms. Pan Ruixi, the spouse of Mr. Lui Chi Chung Jimmy in relation to the transfer of the 2.5% equity interests in Yancheng Ganglong held by Ms. Pan to Ganglong Realty for a consideration of RMB7,706,435.34, which was determined with reference to the valuation of Yancheng Ganglong as of September 30, 2018 in a valuation report prepared by an independent valuer. Upon completion of the above transfer with the relevant business registration on December 6, 2018, Yancheng Ganglong became a wholly-owned subsidiary of our Group. The relevant consideration was settled by cash in full on December 10, 2018.

Acquisition of 24.5% equity interest in Changzhou Mudan

On December 16, 2018, Hong Kong Dragon entered into an equity interest transfer agreement with, among others, Ganglong HK in relation to the transfer of 24.5% equity interests it held in Changzhou Mudan to Ganglong HK for a consideration of RMB133,545,335, which was determined with reference to valuation of Changzhou Mudan as of September 30, 2018 in a valuation report prepared by an independent professional valuer.

On the same date, Hong Kong Dragon and its shareholders entered into a consideration settlement agreement with Ganglong HK pursuant to which the parties agree that the relevant consideration be settled by Ganglong HK allotting and issuing 10 ordinary shares of Ganglong HK to Huayang.

Upon completion of the above transfer with the relevant business registration on December 29, 2018, our Group holds 24.5% equity interest in Changzhou Mudan.

Note: Our equity interest in Changzhou Mudan is not shown in the simplified shareholding and corporate structure in this section as Changzhou Mudan is not a subsidiary of our Group.

Establishment of Ganglong (China) and capital increase in Ganglong Realty, Ganglong Huayang and Ganglong Mingyang

(a) Establishment of Ganglong (China)

On January 23, 2019, Ganglong (China) was established in the PRC with a registered capital of RMB1 billion, with its entire equity interest being held by Ganglong HK.

(b) Capital increase in Ganglong Realty by Ganglong (China)

On July 31, 2019, the registered capital of Ganglong Realty was increased from US\$21 million to US\$42.857 million upon completion of a subscription of capital contribution by Ganglong (China). After the subscription, the equity interest of Ganglong Realty was owned by Ganglong HK and Ganglong (China) as to 49% and 51% respectively.

(c) Capital increase in Ganglong Huayang by Ganglong (China)

On August 1, 2019, the registered capital of Ganglong Huayang was increased from US\$26 million to US\$53.061 million upon completion of a subscription of capital contribution by Ganglong (China). After the subscription, the equity interest of Ganglong Huayang was owned by Ganglong HK and Ganglong (China) as to 49% and 51% respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

(d) *Capital increase in Ganglong Mingyang by Ganglong Realty*

On August 1, 2019, the registered capital of Ganglong Mingyang was increased from US\$5 million to US\$6.8 million upon completion of a subscription of capital contribution by Ganglong Realty. After the subscription, the equity interest of Ganglong Mingyang was owned by Ganglong HK and Ganglong Realty as to 49% and 51% respectively.

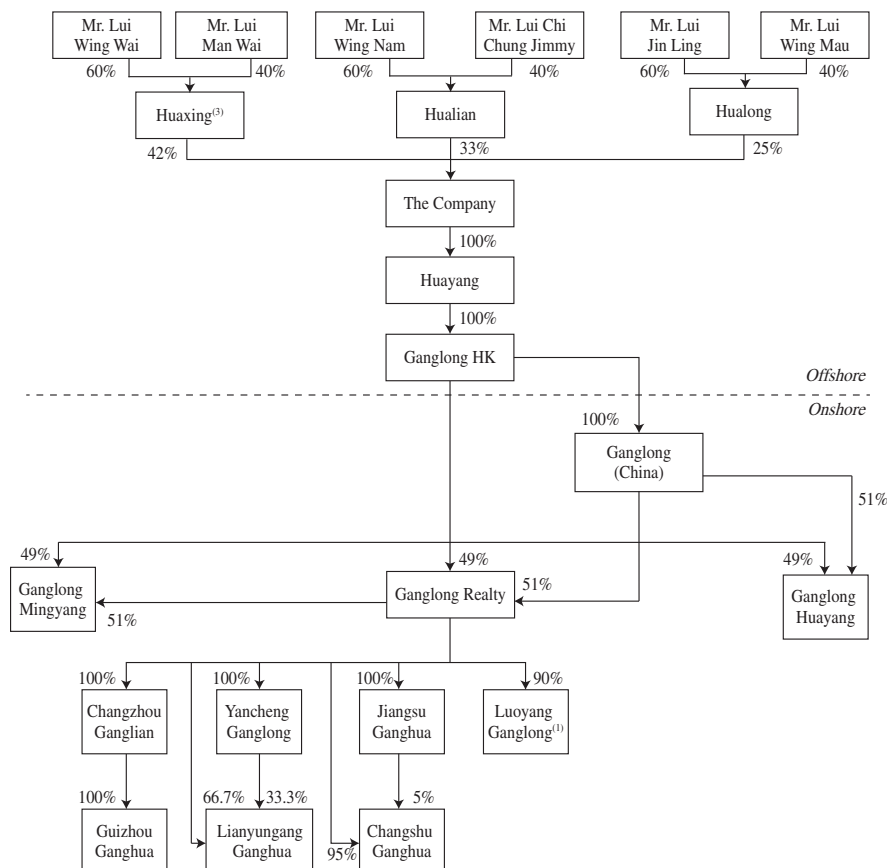
Increase in authorized share capital of our Company

Pursuant to the written resolutions of our Shareholders dated June 20, 2020, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of par value of HK\$0.01 each.

Global Offering and Capitalization Issue

- (a) Assuming the Global Offering becomes unconditional, our Company will offer new Shares representing not less than 25% of the total issued Shares for subscription by the public, professional, institutional and other investors pursuant to the Global Offering.
- (b) Conditional upon the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, an amount standing to the credit of the share premium account of our Company will be capitalized and applied in paying up in full at par Shares for allotment and issue to the existing shareholders of our Company, representing not more than 75% of the enlarged issued share capital of our Company upon Listing.

Set out below is the simplified shareholding and corporate structure of our Group immediately after the Reorganization but prior to the completion of the Global Offering and the Capitalization Issue:

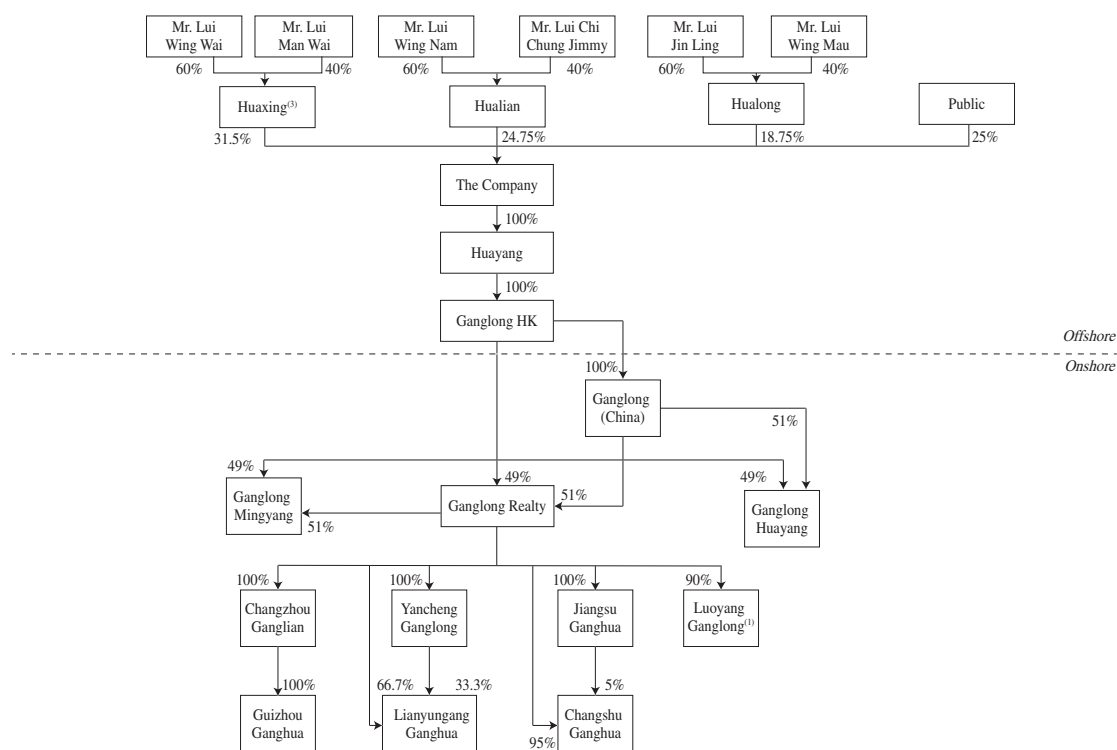


HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

1. *The remaining 10% equity interest in Luoyang Ganglong is held by an Independent Third Party.*
2. *The above chart includes shareholding information of our major PRC operating subsidiaries referred to in “— Our Corporate Development — our principal operating subsidiaries in the PRC” above. As of the Latest Practicable Date, we had 71 subsidiaries, among which 31 subsidiaries were not wholly owned by us. See “Statutory and General Information — A. Further information about our Company — 3. Particulars of our subsidiaries and jointly controlled entities” in Appendix V to this prospectus for details.*
3. *Mr. Lui Man Wai passed away in January, 2020. The inheritance of 40% shareholding in Huaxing owned by Mr. Lui Man Wai, being part of his estate, would be governed by the Intestates’ Estates Ordinance pursuant to which his parents, namely Mr. Lui Wing Wai and Ms. Chan Mei Kum, will succeed the said 40% shareholding in Huaxing on equal basis. As of the Latest Practicable Date, the relevant procedures for obtaining the letters of administration of the estate were in progress. Ms. Chan Mei Kum further confirmed that she renounces all of her interest in Huaxing, which, upon succession of the administrated estate, will be entirely owned by Mr. Lui Wing Wai.*

Set out below is the simplified shareholding and corporate structure of our Group immediately following the completion of the Global Offering and the Capitalization Issue (but taking no account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme):



Notes:

1. *The remaining 10% equity interest in Luoyang Ganglong is held by an Independent Third Party.*
2. *The above chart includes shareholding information of our major PRC operating subsidiaries referred to in “— Our Corporate Development — our principal operating subsidiaries in the PRC” above. As of the Latest Practicable Date, we had 71 subsidiaries, among which 31 subsidiaries were not wholly owned by us. See “Statutory and General Information — A. Further information about our Company — 3. Particulars of our subsidiaries and jointly controlled entities” in Appendix V to this prospectus for details.*
3. *Mr. Lui Man Wai passed away in January 2020. The inheritance of 40% shareholding in Huaxing owned by Mr. Lui Man Wai, being part of his estate, would be governed by the Intestates’ Estates Ordinance pursuant to which his parents, namely Mr. Lui Wing Wai and Ms. Chan Mei Kum, will succeed the said 40% shareholding in Huaxing on equal basis. As of the Latest Practicable Date, the relevant procedures for obtaining the letters of administration of the estate were in progress. Ms. Chan Mei Kum further confirmed that she renounces all of her interest in Huaxing, which, upon succession of the administrated estate, will be entirely owned by Mr. Lui Wing Wai.*

HISTORY, REORGANIZATION AND GROUP STRUCTURE

ACTING-IN-CONCERT CONFIRMATION

On November 29, 2018, our Controlling Shareholders executed the Acting-in-concert Confirmation pursuant to which, amongst other things, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Man Wai, Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling have confirmed that since they have become the beneficial owners of the relevant subsidiaries of our Group, they have (a) acted collectively for all material management affairs and the arrival and/or execution of all commercial decisions; (b) cast unanimous votes as shareholders for or against all resolutions in all shareholders' meetings and discussions of such company; and (c) co-operated with one another to obtain, maintain and consolidate control of such company. Our Controlling Shareholders further unconditionally and irrevocably acknowledged, confirmed and agreed that the abovementioned arrangements shall continue until terminated in writing by all of them. Mr. Lui Man Wai passed away in January 2020. His interest in our Company is held through Huaxing, which is directly owned by Mr. Lui Wing Wai and Mr. Lui Man Wai as to 60% and 40% respectively. Huaxing in turn directly held 42% interest in our Company as of the Latest Practicable Date and will directly hold approximately 31.5% interest in our Company immediately following the completion of the Global Offering and the Capitalization Issue. The said 40% shareholding in Huaxing, being part of the estate of Mr. Lui Man Wai, shall be inherited by his parents, namely Mr. Lui Wing Wai and Ms. Chan Mei Kum, on equal basis according to the Intestates' Estates Ordinance. As of the Latest Practicable Date, the relevant procedures for obtaining the letters of administration of Mr. Lui Man Wai's estate were in progress. Ms. Chan Mei Kum further confirmed that she renounces all of her interest in Huaxing, which, upon succession of the administrated estate, will be entirely owned by Mr. Lui Wing Wai. Our Controlling Shareholders confirmed that the Acting-in-concert Confirmation has not been terminated and shall continue to bind our Controlling Shareholders, i.e. the Lui Family and their investment holding companies. Further, exercise of any voting right by Huaxing as a Shareholder could be effected by passing of resolution of the sole director of Huaxing (i.e. Mr. Lui Wing Wai). Accordingly, our Company is still controlled and owned by the Lui Family as one single unit at the same shareholding level and there is no change in influence on the management of our Group despite the demise of Mr. Lui Man Wai.

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the M&A Rules jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a PRC company or individual that intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. Our PRC Legal Adviser is of the view that the M&A Rules are not applicable to the above Reorganization because our Company and our PRC subsidiaries are controlled and beneficially owned by Hong Kong permanent residents rather than any PRC company or individual under the M&A Rules.

BUSINESS

OVERVIEW

We are an established property developer in the Yangtze River Delta Region focusing on the development and sales of properties predominantly for residential use mixed with accompanying ancillary facilities, such as retail units, car parks and ancillary areas. Headquartered in Shanghai, we have established an active presence and a strategic regional coverage in the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in the PRC, which is expected to enjoy healthy economic growth according to the Industry Report.

We were founded in Changzhou in 2007 and since then have expanded our footprint in surrounding cities near the Yangtze River Delta Region including Changshu, Yancheng and Nantong in Jiangsu Province and Hangzhou, Jiaxing, Huzhou and Shaoxing in Zhejiang Province. Leveraging our brand, experience and execution capability in property development, we further expanded into Shanghai, a first-tier city, and major cities in Henan and Guizhou provinces in 2018. According to the Industry Report, we ranked 83rd among the property developers in the residential property market in the PRC in terms of contracted GFA sold in 2019.

Adhering to our core values of “striving for innovation, building with integrity” (用心創新，以誠築城), we believe that we have built an excellent reputation in our markets for constant innovation, quality of our various product series and credibility. Our targeted customer groups mainly include (i) first-time homebuyers, (ii) mid-range home-upgraders and (iii) high-end home-upgraders. Depending on the local market demand and government development plans, we intend to meet the demand of each of our targeted customer groups by enriching our product series and improving our product quality and design. We were awarded with “Enterprise of Observing Contract and Valuing Credit (守合同重信用企業)” during 2015 to 2018, “2018 Advanced and Comprehensive Inspection Award in the 1st Construction Market of Changzhou City (常州市2018年第一次建築市場綜合大檢查綜合先進獎)” in 2018, “2018 Changzhou Star Enterprise (2018年度常州明星企業)” in 2019 and “2019 Changzhou Five Star Enterprise (2019年度常州五星級明星企業)” in 2020.

During the Track Record Period, we derived our revenue from nine development projects in four cities for our development and sales of properties. For the three years ended December 31, 2019, our revenue from the development and sales of properties amounted to RMB433.9 million, RMB1,659.6 million and RMB1,978.0 million respectively, and our net profit amounted to RMB32.8 million, RMB332.0 million and RMB470.1 million, respectively.

We intend to continue to adopt our diversified land acquisition strategy to enrich and optimize our land reserves and support our business growth. During the Track Record Period and up to the Valuation Date, we had a diverse project portfolio of 64 development projects in 22 cities, developed by our subsidiaries, joint ventures and associated companies. As of the Valuation Date, we had 53 development projects in 21 cities, developed by our subsidiaries, joint ventures and associated companies with an aggregate land reserves of 5,444,423 sq.m., including (i) completed properties with a saleable and leasable GFA of 260,806 sq.m., (ii) properties under development with an aggregate GFA of 4,751,721 sq.m., and (iii) properties held for future development with an aggregate GFA of 431,896 sq.m. We believe that such diversified land acquisition strategy will allow us to reinforce our business strategy of focusing on the Yangtze River Delta Region and strategically expanding into new markets and to accumulate strategically located land reserves.

BUSINESS

OUR STRENGTHS

We believe the following competitive strengths are key to our many achievements and distinguish us from our competitors:

We are an established residential property developer rooted in the Yangtze River Delta Region in the PRC

We were founded in Changzhou in 2007 and since then have expanded our footprint in surrounding cities near the Yangtze River Delta Region including Changshu, Yancheng, Nantong and Nanjing in Jiangsu province and Hangzhou, Jiaxing, Huzhou and Shaoxing in Zhejiang province. Leveraging our brand, experience and execution capability in property development, we further expanded into Shanghai, a first-tier city, and major cities in Henan and Guizhou provinces in 2018. In 2019, we recorded total contracted sales of RMB23.4 billion from 52 projects across 19 cities. Up to the Valuation Date, we had a diverse project portfolio of 64 development projects, developed by our subsidiaries, joint ventures and associated companies across 22 cities. As a result, we have established an active presence and a strategic regional coverage in the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in the PRC, which is expected to enjoy healthy economic growth continuously according to Industry Report.

Along with our expansion, we have experienced significant growth in revenue and profit in recent years.

- we have successfully executed our expansion plan to establish an active presence in the Yangtze River Delta Region;
- we have established an excellent reputation and a strong brand in the cities where we have property development projects;
- we have established an efficient organizational structure with a well-established and streamlined process for our property development projects;
- we have a diversified land acquisition strategy; and
- we have an experienced and motivated senior management team members.

We believe that our strategic regional coverage in the Yangtze River Delta Region has laid a solid foundation for our expansion into other new markets outside of the region, such as the Central Region in the PRC. We will strive to leverage our excellent reputation, strong brand, efficient organization and management structure, experience, expertise and knowledge to expand into these new markets. As such, we believe that we are well-positioned to capitalize on the opportunities and to become a major player in the property development market in the PRC.

We have established an excellent reputation and a strong brand in the cities where we have property development projects

Adhering to our core values of “striving for innovation, building with integrity” (用心創新，以誠築城), we believe that we have built an excellent reputation in our markets for constant innovation, quality of our various product series and credibility among (i) the local governments, (ii) our business partners, (iii) our suppliers and customers; and (iv) our employees. Our excellent reputation has been reflected in our key awards and recognitions as set out in the subsection headed “— Awards and Recognitions”. For example, we were recognized as an “Enterprise of Observing Contract and Valuing Credit (守合同重信用企業)” by a number of local Administration for Industry and Commerce consecutively in 2015, 2016, 2017 and 2018 and a “Grade AAA Trusted Enterprise (信用(合同)AAA級企業)” by Changzhou City Enterprise of Real Estate Integrity Review Committee consecutively in 2014 and 2015.

BUSINESS

We have established a strong brand in many of the cities where we have property development projects. We were awarded with 2018 Changzhou Quality Engineering Award “Golden Dragon Cup” (2018年常州市優質工程獎“金龍盃”) by the Housing and Urban-Rural Construction Bureau of Changzhou City, “2018 Changzhou Star Enterprise (2018年度常州明星企業)” in 2019, “2019 Changzhou Five Star Enterprise (2019年度常州五星級明星企業)” in 2020, “2018 Advanced and Comprehensive Inspection Award in the 1st Construction Market of Changzhou City (常州市2018年第一次建築市場綜合大檢查綜合先進獎)” by the Urban-Rural Construction Bureau of Changzhou City in 2018.

We have established an efficient organizational structure with a well-established and streamlined process for our property development projects

We have adopted a two-tier organizational structure, with our headquarters as the first tier and local project companies as the second tier. Each tier is vested with separate duties and responsibilities. We believe that such demarcation of roles and functions between our headquarters and local project companies maximizes our operational efficiency in managing multiple projects and allows for scalability as we expand our business. Please refer to the section headed “— Our Project Management and Operation — Our project management and organizational structure” below for further details.

We generally manage our property development projects through a well-established and streamlined process with major stages characterized by investment, financing, management (operations) and exits (marketing) and a throughout operation indication system. We believe that such property development process based on the concept of “investment, financing, operation and marketing (投融管銷)” serves as a great vitality and accountability mechanism for our Company, which allow us to maintain the product quality, improve operational efficiency, ensure project development progress, reduce construction cost, and ultimately increase the return to our shareholders.

Investment: We have developed a indicator-based evaluation system when evaluating projects for investment. Prior to an investment, the key indicators that we consider include estimated revenue and land costs ratio, estimated gross profit and net profit margins, financing sources and costs, expected launch time, destocking cycle and positive cash flow-back cycle. We generally track and update these key indicators for a project throughout the pre-investment, investment and post-investment stages, with a view to achieving faster turnover, higher profitability and lower risks.

Financing: We have implemented robust financial policies and diversified financing sources to meet our capital demand. During the Track Record Period, we financed our operations primarily through internally generated cash flow including proceeds from the pre-sale of our properties, provision of management services and property leasing, as well as external financings, such as borrowings from commercial banks, trust financing arrangements. To maintain stable financing sources and low financing cost, we have established close partnerships with a number of banks and trust companies in the PRC.

Operation: We have placed great importance in tracking the main workflows in all phases of a project cycle, with responsibility assigned to specific functional centers at our headquarters and local project companies, as well as the completion criteria and deadlines. For example, we typically require our project development team to commence construction within four to six months and expect them to complete a project within 21 to 48 months after acquiring the relevant land use rights. In addition, we typically outsource different types of design work and the construction work, which we believe would allow us to better focus on our business as a property developer.

Marketing: We have established a sales management center at our headquarters to manage our overall sales and marketing efforts starting from the early stage 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 have also established our own sales and marketing teams at the local project companies for the sale of most of our properties. We believe by establishing and strengthening our own sales and marketing teams, and leveraging the supports of our functional centers at the headquarters and other departments at the local

BUSINESS

project companies, 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.

We have a diversified land acquisition strategy

Leveraging our deep understanding of the property markets in the Yangtze River Delta Region, we have strategically selected and acquired land use rights that we believe will enable us to further develop and enhance our presence in these markets, particularly in Jiangsu Province and Zhejiang Province, and help our strategic expansion into new markets, such as the Central Region in the PRC.

Furthermore, we have adopted a diversified land acquisition strategy, including (i) the primary market through bidding in public tender, auction or listing-for-sale process and (ii) acquisition of equity interests or investments in companies that hold land use rights. Such diversified strategy allows us continue to strengthen our presence in the Yangtze River Delta Region through land acquisition in the primary market and at the same time to strategically expand into new markets through cooperation with our third-party business partners in our jointly developed projects. Many of these third-party business partners are sizeable and reputable property developers with experience in developing large-scale and high quality projects.

In terms of our business performance, this method allows us to leverage our third-party business partners' local network, market intelligence and knowledge on local government policies and regulations. In terms of our financial position, our third-party business partners would contribute capital for our jointly developed projects, which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allowed us to take part in more property development projects and achieve risk diversification.

Our third-party business partners include Sunac China Holdings Limited, Country Garden Holdings Company Limited, Redsun Properties Group Limited and/or their respective affiliates.

We have a stable, experienced and motivated senior management team

Since the establishment of our Group, our executive Directors and key members of our senior management have been making great contributions to our business growth. We believe the stability, experience, motivation, professionalism, loyalty and aspirations of our management are the key safeguards of our steady progress.

The stability and experience of our management team are evidenced by all of our executive Directors having served with us since our establishment and all of them have over 10 years of experience in property development and corporate management. In particular, Mr. Lui Wing Wai, our founder, executive Director, CEO and Chairman of our Group, is a seasoned entrepreneur with over 20 years of managerial and operational experience. He is also a member of the 14th committee of the Changzhou Chinese People's Political Consultative Conference, executive vice president of Changzhou Overseas Chinese Entrepreneurs Association and executive director of Jiangsu Service Association for Enterprises Invested by Hong Kong Investors.

Most of the key members of our senior management have over 10 years of experience in particular fields, such as construction, engineering, finance, accounting and management. Their rich industry expertise and valuable industry experience enable us to grasp the potential opportunities and identify market risks. We have established a training and development department under our integrated management center at our headquarters to provide our employees with continuous occupation training to improve their capabilities. We regularly evaluate our employees' performance based on the performance standards, in order to improve their work efficiency and enhance their execution capability. We believe that we can attract and retain talents with our compensation and reward policies.

BUSINESS

OUR STRATEGIES

Our goal is to become a major residential property developer in China. To achieve this target, we plan to implement the following strategies:

Focus on the Yangtze River Delta Region and strategically expand into other new markets outside of the region, such as the Central Region in the PRC

We plan to continue to focus on the Yangtze River Delta Region and leverage our existing regional coverage in the Yangtze River Delta Region to expand into other new markets outside of the region, such as the Central Region in the PRC.

During the Track Record Period, adhering to our mission of “casting new city landscapes”, our residential projects have been typically situated in new markets in second-tier cities and core districts in third-tier cities in the Yangtze River Delta Region with access to High-Speed Rail stations. According to the Industry Report, this region is the largest economic circle in the PRC with relatively low urbanization rate and expected to continue to enjoy healthy economic growth in term of GDP the next two to five years. We consider that the healthy economic growth and lower urbanization rate are key drivers for further growth in these regional real estate markets. As such, we intend to leverage our strengths and devote our resources to expand our business in the Yangtze River Delta Region with a view to further increasing our market share in this region.

Furthermore, we aim to strategically expand into core districts of cities in new markets with healthy economic growth and low urbanization rate. According to Industry Report, a number of provinces in the Central Region in the PRC, such as Anhui Province, Hubei Province and Hunan Province, have relatively low urbanization rate and are expected to have healthy economic growth in terms of GDP and population in the next two to five years. Also, a number of these provinces are located nearby the Yangtze River Delta Region. As such, we intend to leverage our current regional coverage in the Yangtze River Delta Region and devote our resources to expand our business in these provinces within the Central Region, particularly in those cities with access to High-Speed Rail stations.

Consumption upgrade and city clusters development are the two growth drivers for the real estate industry in the future. After considering the economic development, market capacity, population growth rate and income level of different regions in Mainland China, we have decided to expand our footprint in eastern China and establish ground in the southwestern China and central China.

Continue to adopt our diversified land acquisition strategy to enrich our land reserves

We intend to continue to adopt our diversified land acquisition strategy to enrich and optimize our land reserves. We acquire our land in the primary market through public tender, auction or listing-for-sale process in locations where we have established operation, such as cities in the Yangtze River Delta Region, and hence possess better local market intelligence. We also acquire our land through acquisition of equity interests or investments in companies that hold land use rights and cooperation with third-party business partners as we strategically expand into a new geographical market where we may face increased risks due to its possible difference in regulatory requirements, competitive conditions or consumer preferences from our existing markets. We believe that such diversified land acquisition strategy will allow us to reinforce our business strategy of focusing on the Yangtze River Delta Region and strategically expanding into other new markets outside of the region and to accumulate strategically located land reserves.

BUSINESS

Continue to improve our product quality and design to position our products to meet the evolving market demand and create value for our customers

With our core values of “striving for innovation, building with integrity” (用心創新，以誠築城), we believe that meeting the evolving market demand and creating value for our customers by improving our product quality and design of our products are keys to our profitability. Our targeted customer groups mainly include (i) first-time homebuyers, (ii) mid-range home-upgraders and (iii) high-end home-upgraders. Depending on the local market demand and government development plans, we intend to meet the demand of each of our targeted customer groups by enriching our product series and improving our product quality and design.

For example, for our customers who are first-time homebuyers, we aim to design our products with more practical utilization of the GFA and floorplan and furnished with standard interior decoration. For our customers who are mid-range home-upgraders, we aim to design our products with features catering for larger families and furnished with standard interior decoration. For our customers who are high-end home-upgraders, we aim to design our products with higher GFA and furnished with premium interior decoration. Furthermore, we intend to design our projects with community facilities, such as car parks and ancillary facilities, that meet the need of our targeted customers groups.

Continue to improve our operational and cost efficiency

We intend to continue to improve our operational and cost efficiency by the following measures:

- further optimize and streamline our property development process and formalize and standardize key procedures in each major development stages with a view to achieving better quality, progress and cost controls;
- continue to adopt prudent financial policies and management practices and closely monitor important financial indicators, such as gearing ratios, interest rates, turnover ratios, cash status and maturity status of borrowing;
- proactively manage our capital structure through diversified financing sources to meet our capital demand so as to improve our costs, cash flow and working capital; and
- prioritize our financial resources towards what we determine to be the profitable opportunities by selectively targeting areas which we believe has high growth potential and acquiring land there at competitive costs.

Attract, retain and motivate talented personnel through systemic training programs, proactive recruitment and competitive remuneration packages

We are committed to building a highly professional and specialized team with strong execution capabilities that shares and approves our values, vision and corporate culture. We believe our future success and growth strategies depend on our ability to attract and retain talented professionals.

We plan to continue to strategically increase the percentage of specialized talents in our employees, including those focusing on research and design of standardized products, refined costs management and quality control and engineering management. To attract and retain talented professionals, we offer systematic and comprehensive training programs to our employees, providing various internal and external trainings to our employees at different seniority levels and specialized fields of work. We also plan to continue to offer competitive remuneration packages to attract and retain talented professionals.

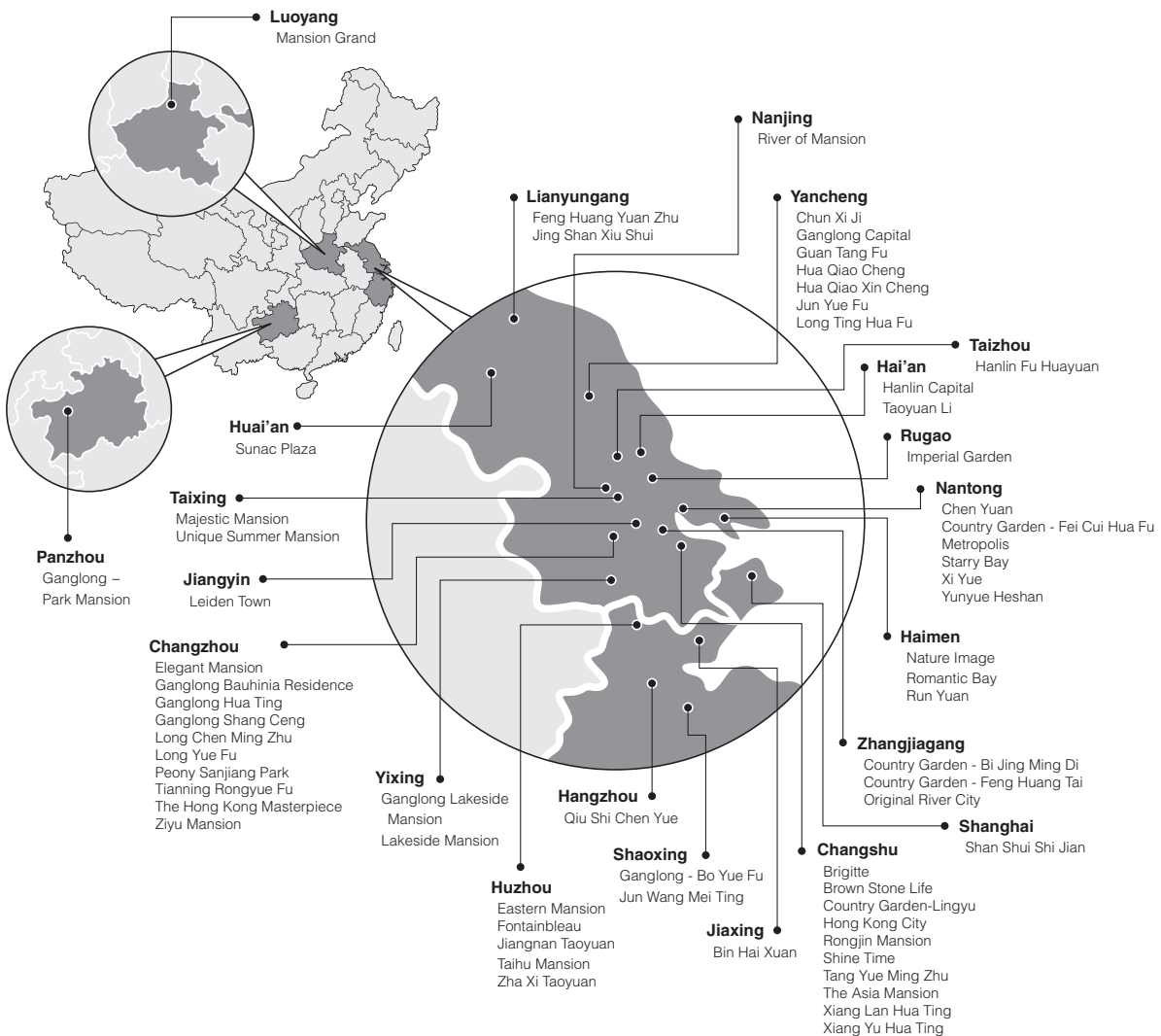
Furthermore, we commenced operation of our office in Shanghai headquarters in 2019. As Shanghai is one of the well-established real estate markets in the PRC and has a number of key national universities, we believe we would be able to attract some of the high-quality real estate professionals located there to join our Company.

OUR BUSINESS

We are an established property developer in the Yangtze River Delta Region focusing on the development and sales of properties predominantly for residential use mixed with accompanying ancillary facilities, such as retail units, car parks and ancillary areas. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. Historically, we have only developed one commercial property, namely Ganglong Shang Ceng (港龍尚層), which is located in Changzhou city, Jiangsu. Under our property development projects that predominantly for residential use, commercial property mainly refers to retail units, adjacent to our residential properties. During the Track Record Period, we derived our revenue mainly from development and sale of residential properties. We also derived a very small portion of our income from leasing out a small number of the accompanying and unsold retail units and car parks developed by us. For the three years ended December 31, 2019, our revenue from the development and sales of properties amounted to RMB433.9 million, RMB1,659.6 million and RMB1,978.0 million respectively.

OUR PROJECT PORTFOLIO

The following map shows the geographical locations of our development projects as of the Valuation Date:



BUSINESS

The manner in which we classify our projects may be different from the classifications employed by other property developers. Each property project or project phase may require multiple land use right certificates, construction commencement permits, pre-sales permits and other permits and certificates, which may be issued at different times in the development process. The table below sets forth the differences between our classification of properties and the classification of properties adopted in the property valuation report set out in Appendix III and in the Accountant's Report set out in Appendix I to this prospectus:

Classification by us	Property valuation report	Accountant's report
<p>Completed projects</p> <ul style="list-style-type: none"> • Projects or project phases for which the requisite records of application for examination of completion of works have been obtained 	<p>Group I — Property interests held by our Group for sale in the PRC</p> <p>Group IV — Property interests held by our Group for investment purpose in the PRC</p>	<ul style="list-style-type: none"> • Completed properties held for sale • Investment properties
<p>Projects under development</p> <ul style="list-style-type: none"> • Projects or project phases for which the requisite land use right certificates and construction work commencement permits have been obtained but the requisite records of application for examination of completion of work have not yet been obtained 	<p>Group II — Property interests held by our Group under development in the PRC</p>	<ul style="list-style-type: none"> • Properties under development • Deposits for property development projects • Prepayments for property development projects
<p>Projects held for future development ...</p> <ul style="list-style-type: none"> • Projects or project phases for which the relevant land use right certificates or land grant contracts have been obtained but the requisite construction work commencement permits have not yet been obtained 	<p>Group III — Property interests held by our Group for future development in the PRC</p>	<ul style="list-style-type: none"> • Properties under development • Prepayments for acquisition of land use rights

During the Track Record Period and up to the Valuation Date, we had a diverse project portfolio of 64 development projects in 22 cities, developed by our subsidiaries, joint ventures and associated companies. As of the Valuation Date, we had 53 development projects in 21 cities, developed by our subsidiaries, joint ventures and associated companies with an aggregate land reserves of 5,444,423 sq.m., including (i) completed properties with a saleable and leasable GFA of 260,806 sq.m., (ii) properties under development with an aggregate GFA of 4,751,721 sq.m., and (iii) properties held for future development with an aggregate GFA of 431,896 sq.m.. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Valuation Date, we had obtained all the requisite land use rights or entered into valid land grant contracts and, where relevant, building ownership certificates or real estate right certificates for our completed projects, projects under development and projects held for future development.

We focus our business activities across the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in the PRC. Of all the aforementioned projects, 10 projects are located in Changzhou, 10 projects are located in Changshu, and six projects are located in Nantong.

BUSINESS

Classification of Our Residential Properties

We categorize our residential properties as follows:

- High-rise residential units (高層住宅) — residential buildings that typically have ten storeys or more with the GFA per unit ranging from 85 sq.m. to 160 sq.m.;
- Mid-rise residential units (中高層住宅) — residential buildings that typically have seven to nine storeys with the GFA per unit ranging from 85 sq.m. to 160 sq.m.;
- Multi-storey apartments (多層住宅) — residential buildings that typically have four to six storeys with the GFA per unit ranging from 85 sq.m. to 160 sq.m.; and
- Townhouses (聯排別墅) — residential houses that are connected to one and other and each such house typically has three to four storeys with the GFA per unit ranging from 150 sq.m. to 300 sq.m.

Land reserves

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 not 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.

The following table sets out the GFA breakdown of the total land reserve attributable to our Group by geographical location as of the Valuation Date:

Property Projects Developed by Our Subsidiaries ⁽²⁾	Number of Projects	Completed			Under Development	Future Development	Total Land Reserve Attributable to our Group ⁽¹⁾	% of Total Land Reserve Attributable to our Group	
		Completed GFA available for sale	Completed GFA pre-sold but not yet delivered	Completed GFA that are leasable	GFA Under Development	Planned GFA of Future Development			
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)		
Jiangsu	Changshu	3	1,267	–	–	270,939	–	272,206	5.0%
	Changzhou	7	37,189	81,834	12,500	442,279	–	573,802	10.5%
	Hai'an	2	–	–	–	362,675	–	362,675	6.7%
	Haimen	1	–	–	–	–	96,352	96,352	1.8%
	Huai'an	1	–	–	–	603,636	–	603,636	11.1%
	Lianyungang	1	11,327	504	–	–	–	11,831	0.2%
	Nanjing	1	–	–	–	48,865	–	48,865	0.9%
	Nantong	2	–	–	–	203,440	–	203,440	3.7%
	Taixing	1	–	–	–	172,926	–	172,926	3.2%
	Taizhou	1	–	–	–	190,214	–	190,214	3.5%
	Yancheng	4	4,931	318	–	358,139	146,267	509,655	9.4%
	Yixing	1	–	–	–	–	189,277	189,277	3.5%
Henan	Luoyang	1	–	–	–	192,223	–	192,223	3.5%
Shanghai	Shanghai	1	–	–	–	78,094	–	78,094	1.4%
Zhejiang	Hangzhou	1	–	–	–	81,117	–	81,117	1.5%
	Huzhou	2	–	–	–	497,954	–	497,954	9.1%
	Shaoxing	2	–	–	–	405,392	–	405,392	7.4%
Guizhou	Panzhou	1	–	–	–	141,012	–	141,012	2.6%
	Sub-total	33	54,714	82,656	12,500	4,048,905	431,896	4,630,671	85.1%

BUSINESS

Property Projects Held by Our Joint Ventures ⁽²⁾	Number of Projects	Completed			Under	Future	Total Land Reserve Attributable to our Group ⁽¹⁾	% of Total Land Reserve Attributable to our Group
		Completed	Completed	Completed	Development	Development		
		GFA available for sale	GFA pre-sold but not yet delivered	GFA that are leasable	GFA Under Development	Planned GFA of Future Development		
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
Jiangsu	Changshu	2	–	–	155,357	–	155,357	2.9%
	Changzhou	1	–	–	18,555	–	18,555	0.3%
	Nantong	3	105	–	52,076	–	52,181	1.0%
	Taixing	1	13,611	46,165	32,206	–	91,982	1.7%
	Yixing	1	–	–	41,071	–	41,071	0.8%
	Zhangjiagang	1	371	14,248	–	–	14,619	0.3%
Zhejiang . . .	Huzhou	3	1,400	849	137,770	–	140,019	2.6%
	Sub-total	12	15,487	61,262	437,035	–	513,784	9.4%

Property Projects Held by Our Associated Companies ⁽²⁾	Number of Projects	Completed			Under	Future	Total Land Reserve Attributable to our Group ⁽¹⁾	% of Total Land Reserve Attributable to our Group
		Completed	Completed	Completed	Development	Development		
		GFA available for sale	GFA pre-sold but not yet delivered	GFA that are leasable	GFA Under Development	Planned GFA of Future Development		
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
Jiangsu	Changshu	1	–	–	24,927	–	24,927	0.5%
	Changzhou	2	–	–	144,348	–	144,348	2.7%
	Jiangyin	1	–	–	67,684	–	67,684	1.2%
	Lianyungang	1	–	–	28,822	–	28,822	0.5%
	Rugao	1	1,011	30,587	–	–	31,598	0.6%
	Yancheng	2	2,589	–	–	–	2,589	0.0%
	Sub-total	8	3,600	30,587	265,781	–	299,968	5.5%
	Total	53	73,801	174,505	4,751,721	431,896	5,444,423	100.0%

(1) Total land reserve equals to the sum of (i) GFA available for sale, GFA pre-sold but not yet delivered and leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development.

(2) For projects developed by our wholly-owned and non-wholly-owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, total GFA will be adjusted by our equity interest in the respective project.

As of the Valuation Date, approximately 873,416 sq.m. and 3,878,305 sq.m. of our planned GFA under development attributable to our Group are expected to be completed in the 9 months ending December 31, 2020, and thereafter, respectively.

Subsequent to the Valuation Date and up to the Latest Practicable Date, our Group further pre-sold GFA of approximately 168,410 sq.m. attributable to our Group, acquired an additional parcel of land in Anhui Province with a site area of 33,928 sq.m. through an auction and entered into two joint venture cooperative agreements, in respect of two parcels of land successfully bid or acquired in Anhui and Jiangsu Province with a total site area of 61,136 sq.m. attributable to our Group, with other third-party business partners, who are all Independent Third Parties, in May, 2020 and June, 2020.

BUSINESS

The following table sets forth the breakdown of the total land reserve attributable to us as of the Valuation Date in terms of types of properties.

	Completed GFA available for Sale/Leasable GFA ⁽¹⁾	Planned GFA Under Development	Estimated GFA for Future Development	Total Land Reserve Attributable to our Group ⁽²⁾	% of Total Land Reserve Attributable to our Group
	(in sq.m)	(in sq.m)	(in sq.m)	(in sq.m)	
Property Projects Developed by Our Wholly-owned Subsidiaries⁽³⁾					
Residential	75,931	428,090	191,466	695,487	12.8%
Retail	28,337	3,326	3,528	35,191	0.6%
Ancillary areas and others	–	58,582	42,973	101,555	1.9%
Carpark	45,603	70,089	47,662	163,354	3.0%
Attributable total	149,871	560,087	285,629	995,587	18.3%
Property Projects Developed by Our Non-wholly-owned Subsidiaries⁽³⁾					
Residential	–	2,423,817	108,315	2,532,132	46.6%
Retail	–	47,709	2,540	50,249	0.9%
Ancillary areas and others	–	481,825	35,412	517,237	9.5%
Carpark	–	535,466	–	535,466	9.8%
Attributable total	–	3,488,817	146,267	3,635,084	66.8%
Property Projects Developed by Our Joint Ventures and Associated Companies⁽³⁾					
Residential	87,676	464,283	–	551,959	10.1%
Retail	919	7,510	–	8,429	0.2%
Ancillary areas and others	–	153,163	–	153,163	2.8%
Carpark	22,340	77,861	–	100,201	1.8%
Attributable Total	110,935	702,817	–	813,752	14.9%
Total	260,806	4,751,721	431,896	5,444,423	100.0%

Notes:

- (1) Comprised saleable GFA unsold, GFA pre-sold but not yet delivered and leasable GFA for completed properties.
- (2) Total land reserve attributable to our Group equals to the sum of (i) completed GFA available for sale and total leasable GFA for completed properties, (ii) total planned GFA for properties under development and (iii) total estimated GFA for properties held for future development.
- (3) For projects developed by our wholly-owned and non-wholly-owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, GFA are adjusted by our equity interest in the respective project.

BUSINESS

We confirm that as of the Valuation Date, we had completed civil air defense areas within 19 of our completed projects comprising Hong Kong City (香江華庭), Ganglong Bauhinia Residence (港龍紫荊城), Hua Qiao Cheng (華僑城), Hua Qiao Xin Cheng (華僑新城), Rongjin Mansion (融錦別苑), Run Yuan (潤園), Starry Bay (麗景灣), Original River City (江城源著), Taihu Mansion (太湖天地), Bin Hai Xuan (濱海軒), Brigitte (碧虞瓏庭), Country Garden – Lingyu (碧桂園 • 領譽), Romantic Bay (漫悅灣), Country Garden – Fei Cui Hua Fu (碧桂園 • 翡翠華府), Jun Yue Fu (珺悅府), Long Ting Hua Fu (瓏庭華府), Country Garden – Bi Jing Ming Di (碧桂園 • 碧景名邸), Country Garden – Feng Huang Tai (碧桂園 • 鳳凰台), and Imperial Garden (頤和樾園) with an aggregate GFA of 146,790 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio but excluded from our total land reserve as the completed civil air defense areas GFA is not saleable and could only be used for the designated purpose approved by the supervising authority in times of peace. As part of our day-to-day operations, we monitor our business practice related to the Civil Defense Law to ensure such compliance. Please refer to “Regulatory Overview — Regulations on civil air defense property” in this prospectus for further details.

Among our property development projects where parts or all of the properties have been delivered to the customers during the Track Record Period, Ganglong Bauhinia Residence (港龍紫荊城) recorded an accumulated loss of RMB3.2 million as of December 31, 2019 mainly due to additional selling and marketing expenses incurred for pre-sale and promotion of such project and relatively lower ASP of the properties delivered as compared to our other projects as this project is located in the Wujin district of Changzhou, where the vicinity and surrounding facilities was still developing. As a result, our revenue did not fully cover our costs and expenses incurred in such development project.

Portfolio of Our Property Development Projects

The following table sets forth a summary of our property projects and project phases developed, including projects and project phases held for future developments as of the Valuation Date.

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Pre-sale Commencement Date	Actual Estimated Completion Date	Completed			Under Development			Future Development			Reference to Property Valuation Report(s)		
						Total GFA Completed ⁽¹⁾ (in sq.m.)	Shedible Leasable GFA ⁽²⁾ (in sq.m.)	GFA Unsold ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽¹⁾ (in sq.m.)	Shedible Leasable GFA ⁽²⁾ (in sq.m.)	Pre-sold GFA (in sq.m.)	Total Estimated GFA for Future Development ⁽¹⁾ (in sq.m.)	Total Land Reserve (in sq.m.)	Proportion of the Total Land Reserve attributable to our Group ⁽⁴⁾ (in sq.m.)		Development Cost Incurred ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost and up to December 31, 2020 ⁽⁵⁾ (in RMB million)
Property Projects Developed by Our Subsidiaries⁽⁷⁾																	
Jiangsu																	
<i>Changshu</i>																	
1	Hong Kong City (香港華庭)	42,593	February 2014	April 2014	October 2017	132,205	104,801	-	-	-	-	-	-	-	100	-	-
2	Tang Yue Ming Zhu (棠悅名築)	62,585	November 2019	January 2020	August 2022	-	-	190,399	125,362	2,777	-	190,399	66,449	73.8	34.9	553.2	29
3	Xiang Lan Hua Ting (香蘭華庭)	12,151	October 2018	April 2019	October 2020	-	-	-	21,247	13,733	11,028	-	21,247	59.6	100	150.0	10
4	Xiang Yu Hua Ting (香語華庭)	60,221	August 2016	September 2016	April 2020	116,405	73,390	1,267	59,293	50,456	49,907	-	60,561	505.2	100	467.7	4, 5, 9
<i>Changzhou</i>																	
5	Ganglong Bathinia Residence (龍龍紫荊城)	43,510	December 2010	June 2011	November 2014	138,757	126,597	9,759	-	-	-	-	9,759	508.0	100	33.7	1, 39
6	Ganglong Hua Ting (龍龍華庭)	23,900	October 2008	October 2008	January 2011	62,329	58,492	3,037	-	-	-	-	3,037	130.0	100	44.2	37
7	Ganglong Shang Ceng (龍龍尚層)	8,090	June 2008	August 2008	June 2011	43,854	41,739	5,392	-	-	-	-	5,392	200.0	100	66.1	38
8	Long Chen Ming Zhu (龍宸銘著)	67,402	November 2019	December 2019	April 2023	-	-	-	191,535	189,240	21,519	-	191,535	49.0	40	275.2	27
9	Long Yue Fu (龍悅府)	27,590	July 2019	August 2019	March 2021	-	-	-	66,347	59,306	50,078	-	66,347	52.6	51	151.5	24
10	The Hong Kong Masterpiece (新港城)	132,460	June 2013	September 2013	July 2020	320,607	298,589	113,335	98,132	94,432	77,595	-	211,467	663.1	100	1,635.4	3, 7, 8, 40
11	Ziyu Mansion (紫御府)	24,312	August 2018	August 2018	November 2020	-	-	-	86,265	86,265	54,666	-	86,265	157.5	100	441.0	11

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Presale Commencement Date	Actual Estimated Completion Date	Completed			Under Development				Future Development				Reference to Property Valuation Report(6)				
						Total GFA Completed ⁽¹⁾ (in sq.m.)	Saleable/ Leasable GFA ⁽²⁾ (in sq.m.)	GFA Underway ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽¹⁾ (in sq.m.)	Saleable/ Leasable GFA ⁽²⁾ (in sq.m.)	Pre-sold GFA (in sq.m.)	Total Estimated GFA for Future Development ⁽¹⁾ (in sq.m.)	Total Land Reserve (in sq.m.)	Proportion of the Total Land Reserve attributable to our Group ⁽⁴⁾ (in sq.m.)	Development Cost Incurred ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost in 2021 ⁽⁵⁾ (in RMB million)		Estimated Future Development Cost from 2022 onwards ⁽⁵⁾ (in RMB million)	Our Group's Interests in the Project (%)	Our Group's Attributable Market Value (in RMB million)	
Hai'an																					
12	Hanlin Capital (翰林首府)	57,633	May 2019	July 2019	November 2021	-	-	-	202,982	197,747	141,759	-	202,982	142,087	215.3	301.0	221.3	-	70	801.5	23
13	Taoyuan Li (桃源里)	49,314	April 2020	April 2020	August 2022	-	-	-	159,692	157,266	-	-	159,692	44,714	6.4	364.7	145.3	111.6	28	119.6	31
Hainan																					
14	Nature Image (泊翠蘭境)	47,078	April 2020	August 2020	June 2022	-	-	-	-	-	-	96,351	96,351	96,351	-	260.5	108.5	65.1	100	No commercial value	36
Huai'an																					
15	Sinac Plaza (繼創廣場)	188,564	July 2019	September 2019	June 2024	-	-	-	603,635	427,241	89,030	-	603,635	153,927	354.6	1,189.8	563.8	343.2	25.5	446.3	21
Lianyungang																					
16	Jing Shan Xiu Shui (景山秀水)	53,063	January 2017	May 2017	October 2019	141,761	114,431	11,830	-	-	-	-	11,830	11,830	411.7	-	-	-	100	169.0	6
Nanjing																					
17	River of Mansion (時光泊月園)	28,188	March 2020	June 2020	November 2021	-	-	-	48,864	37,319	-	-	48,864	24,432	1.9	133.3	58.0	-	50	134.5	32
Nantong																					
18	Chen Yuan (晨園)	38,237	September 2019	October 2019	June 2021	-	-	-	126,319	124,584	14,823	-	126,319	64,423	75.2	214.5	124.2	-	51	309.1	26
19	Xi Yue (熙悅)	24,537	January 2020	April 2020	August 2021	-	-	-	77,121	75,512	-	-	77,121	39,332	12.9	159.6	105.4	-	51	204.5	28
Taizheng																					
20	Unique Summer Mansion (桃源府)	66,804	July 2018	August 2018	November 2021	-	-	-	172,925	155,387	29,231	-	172,925	57,065	311.3	45.7	251.5	-	33	269.0	16
Taizhou																					
21	Hanlin Fu Huayuan (翰林府花園)	53,700	March 2020	April 2020	June 2022	-	-	-	190,214	168,657	-	-	190,214	114,128	1.0	238.5	307.9	136.8	60	518.4	33

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Presale Commencement Date	Actual Estimated Completion Date	Completed			Under Development			Future Development			Reference to Property Valuation Report(6)					
						Total GFA Completed ⁽¹⁾ (in sq.m.)	Saleable/ Leasable GFA ⁽²⁾ (in sq.m.)	GFA Unused ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽¹⁾ (in sq.m.)	Saleable/ Leasable GFA ⁽²⁾ (in sq.m.)	Pre-sold GFA (in sq.m.)	Total Estimated GFA for Future Development ⁽¹⁾ (in sq.m.)	Total Land Reserve (in sq.m.)	Proportion of the Total Land Reserve attributable to our Group ⁽⁴⁾ (in sq.m.)		Development Cost Incurred ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost in 2021 ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost from 2022 onwards ⁽⁵⁾ (in RMB million)	Our Group's Interests in the Project (%)	Our Group's Attributable Market Value (in RMB million)
Yancheng																				
22	Chun Xi Ji (春溪集)	44,485	April 2020	May 2020	January 2024	-	-	-	146,267	-	-	146,267	146,267	74,596	1.3	170.0	145.7	51	137.2	34
23	Ganglong Capital (港龍首府)	64,193	April 2019	May 2019	December 2020	-	154,140	148,086	91,224	-	154,140	219.6	230.5	154,140	219.6	-	-	100	500.0	15
24	Guan Tang Fu (觀棠府)	69,049	September 2019	September 2019	March 2022	-	-	-	204,000	199,208	66,901	-	204,000	69,360	116.2	133.7	29.1	34	330.5	22
25	Hua Qiao Cheng (華橋城)	94,423	September 2011	June 2012	January 2017	307,300	243,979	-	-	-	-	-	-	-	1,060.0	-	-	100	-	-
26	Hua Qiao Xin Cheng (華橋新城)	42,170	November 2016	December 2016	November 2019	119,906	107,356	5,250	-	-	-	-	5,250	5,250	459.2	-	-	100	22.0	2
Yixing																				
27	Ganglong Lakeside Mansion (港龍湖光麓庭)	66,626	May 2020	August 2020	January 2023	-	-	-	-	-	-	189,277	189,277	189,277	-	251.8	215.8	100	688.0	35
Henan																				
Luoyang																				
28	Mansion Grand (雜河尚院)	95,168	December 2019	June 2020	February 2023	-	-	-	192,223	128,547	-	-	192,223	173,001	56.2	159.8	162.0	90	279.0	14

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Preside Commencement Date	Actual Estimated Completion Date	Completed			Under Development			Future Development			Total Estimated GFA for Future Development (1)	Total Land Reserve (in sq.m.)	Proportion of the Land Reserve attributable to our Group (2)	Development Cost Incurred (3) (in RMB million)	Estimated Future Development Cost in 2021 (5) (in RMB million)	Estimated Future Development Cost from 2022 onwards (5) (in RMB million)	Our Group's Interest in the Project (%)	Our Group's Attributable Market Value (in RMB million)	Reference to Property Valuation Report (6)
						Total GFA Completed (1) (in sq.m.)	Sizable/ Leasible GFA (2) (in sq.m.)	GFA Unsell (3) (in sq.m.)	Total GFA Under Development (4) (in sq.m.)	Sizable/ Leasible GFA (2) (in sq.m.)	Presell GFA (in sq.m.)	Total Estimated GFA for Future Development (1) (in sq.m.)	Estimated Future Development Cost in 2021 (5) (in RMB million)	Estimated Future Development Cost from 2022 onwards (5) (in RMB million)									
Shanghai																							
29	Shan Shui Shi Jian (山水拾間)	85,590	January 2019	July 2019	June 2021	-	-	-	78,095	64,096	17,258	-	78,095	39,048	304.1	62.9	157.3	-	-	50	712.0	20	
Zhejiang																							
<i>Hangzhou</i>																							
30	Qiu Shi Chen Yue (秋實宸悅)	28,344	December 2018	July 2019	January 2021	-	-	-	81,117	77,157	52,134	-	81,117	20,279	158.2	206.3	-	-	25	212.3	19		
<i>Huzhou</i>																							
31	Jiangnan Taoyuan (江南桃源)	73,237	November 2018	March 2019	July 2021	-	-	-	163,228	161,398	64,424	-	163,228	40,807	208.8	248.7	105.6	140.8	25	134.3	18		
32	Zha Xi Taoyuan (雲溪桃源)	176,013	September 2018	October 2018	April 2022	-	-	-	334,726	334,726	28,967	-	334,726	83,682	255.3	499.1	308.6	308.6	25	202.8	17		
<i>Shaoxing</i>																							
33	Ganglong-Bo Yue Fu (港龍•鉅府)	80,568	September 2019	December 2019	June 2021	-	-	-	129,511	118,733	34,231	-	129,511	90,610	137.1	229.2	157.0	-	70	716.4	25		
34	Jun Wang Mei Ting (君望美庭)	92,923	December 2019	April 2020	May 2023	-	-	-	275,881	205,502	-	-	275,881	137,941	76.0	323.7	456.7	285.5	50	785.0	30		
Guizhou																							
<i>Panzhou</i>																							
35	Ganglong - Park Mansion (港龍•東湖桃源)	116,101	December 2018	December 2018	May 2022	-	-	-	141,012	108,533	64,905	-	141,012	141,012	157.0	72.9	111.2	131.0	100	618.0	12, 13		
Sub-total						1,383,123	1,169,374	149,870	4,048,903	3,508,493	962,547	431,895	4,630,669	2,541,920	7,570.9	6,949.1	4,497.8	2,140.3			12,177.0		

BUSINESS

Number	Projects	Site Area (in sq.m.)	Completed		Under Development			Future Development			Estimated Future Development Cost and up to Valuation Date subsequent to the December 31, 2020 ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost from 2022 onwards ⁽⁵⁾ (in RMB million)	Our Group's Interest in the Project (%)	Our Group's Attributable Market Value (in RMB million)	Reference to Property Valuation Report ⁽⁶⁾
			Total GFA Completed ⁽¹⁾ (in sq.m.)	Available/Leasable GFA ⁽²⁾ (in sq.m.)	GFA Unsold ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽⁴⁾ (in sq.m.)	Available/Leasable GFA ⁽²⁾ (in sq.m.)	Presold GFA (in sq.m.)	Total Estimated GFA for Future Development ⁽⁴⁾ (in sq.m.)	Total Land Reserve (in sq.m.)					
Property held by our Joint Ventures⁽⁸⁾															
Jiangsu															
<i>Changshu</i>															
36	Rongjin Mansion (融錦別墅)	27,767	March 2018	June 2018	September 2019	52,508	37,795	-	-	-	-	164.7	-	25	-
37	Shine Time (華臻瀾庭)	56,936	January 2019	April 2019	September 2021	-	-	-	180,870	109,797	39,564	181.1	291.3	50	638.5
38	The Asia Mansion (紫雲華庭)	65,378	October 2018	December 2018	June 2021	-	-	-	196,732	125,777	73,087	350.9	237.8	33	546.5
<i>Changzhou</i>															
39	Elegant Mansion (觀棠花園)	311,156	May 2018	June 2018	April 2020	-	-	-	91,789	72,082	71,862	214.5	75.7	20.21	117.6
<i>Haimen</i>															
40	Run Yuan (潤園)	63,285	July 2017	July 2017	November 2019	196,510	151,684	-	-	-	-	750.4	-	30	-
<i>Nantong</i>															
41	Metropolis (新都會)	109,890	April 2018	April 2018	September 2020	87,155	87,155	-	175,649	143,178	106,659	549.8	396.5	12.5	93.4
42	Starry Bay (麗景灣)	55,868	April 2018	May 2018	September 2019	114,289	101,025	317	-	-	-	339.8	-	33	1.6
43	Yunyue Heshan (雲樾河山)	66,710	May 2018	May 2018	June 2020	-	-	-	150,605	125,609	114,623	401.8	168.7	20	176.6
<i>Taizheng</i>															
44	Majestic Mansion (御園)	125,306	January 2018	February 2018	December 2020	205,124	189,733	181,137	97,596	64,655	14,742	556.8	314.3	33	552.8
<i>Yixing</i>															
45	Lakeside Mansion (湖悅天境)	62,563	June 2018	July 2018	March 2021	-	-	-	205,353	201,740	158,899	517.8	184.4	20	242.4

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Preside Commencement Date	Actual/ Estimated Completion Date	Completed			Under Development			Future Development			Total Estimated GFA for Future Development (1)	Total Land Reserve (in sq.m.)	Proportion of the Land Reserve attributable to our Group (2)	Development Cost Incurred (3) (in RMB million)	Estimated Future Development Cost incurred up to December 31, 2020 (5) (in RMB million)	Estimated Future Development Cost from 2021 onwards (5) (in RMB million)	Our Group's Interest in the Project (%)	Our Group's Attributable Market Value (in RMB million)	Reference to Property Valuation Report (6)
						Total GFA Completed (1) (in sq.m.)	Available/ Leasable GFA (2) (in sq.m.)	GFA Under (3) (in sq.m.)	Total GFA Under Development (4) (in sq.m.)	Available/ Leasable GFA (2) (in sq.m.)	Presold GFA (in sq.m.)	Total Estimated GFA for Future Development (1) (in sq.m.)	(in sq.m.)	(in sq.m.)									
<i>Zhejiang</i>																							
<i>Huzhou</i>																							
46	Original River City (江城原著)	69,982	January 2018	May 2018	January 2020	122,252	108,283	108,283	-	-	108,283	14,618	394.8	-	-	-	-	13.5	123.9	-			
<i>Zhejiang</i>																							
<i>Huzhou</i>																							
47	Eastern Mansion (太湖天萃)	57,734	April 2018	July 2018	September 2020	-	-	-	137,995	117,642	110,673	82,797	313.1	118.3	-	-	60	486.6	-				
48	Fontainebleau (枫丹壹号)	62,812	November 2018	April 2019	October 2020	-	-	-	112,189	73,266	41,611	54,973	178.2	247.2	-	-	49	293.0	-				
49	Taihu Mansion (太湖天地)	83,612	September 2017	November 2017	December 2019	162,226	120,733	4,590	-	-	-	2,249	446.0	-	-	49	23.5	-					
<i>Jiaxing</i>																							
50	Bin Hai Xuan (滨海轩)	69,531	February 2018	February 2018	August 2019	186,305	170,106	-	-	-	-	-	566.2	-	-	33.3	-	-	-				
Sub-total						1,126,369	966,514	294,327	1,348,778	1,033,746	731,720	1,643,105	5,925.8	2,034.2	309.4	-	-	-	3,297.4	-			

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/Estimated Construction Commencement Date		Actual/Estimated Completion Date	Completed			Under Development			Future Development			Reference to Property Valuation Report(s)			
			Actual/Estimated Construction Commencement Date	Actual/Estimated Completion Date		Total GFA Completed ⁽¹⁾ (in sq.m.)	Sizable/Leasible GFA ⁽²⁾ (in sq.m.)	GFA Unsell ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽¹⁾ (in sq.m.)	Sizable/Leasible GFA ⁽²⁾ (in sq.m.)	Presell GFA (in sq.m.)	Total Estimated GFA for Future Development ⁽¹⁾ (in sq.m.)	Total Land Reserve (in sq.m.)	Proportion of the Land Reserve attributable to our Group ⁽⁴⁾ (in sq.m.)		Development Cost Incurred ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost and up to December 31, 2019 ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost from 2020 onwards ⁽⁵⁾ (in RMB million)
Property held by our associated companies⁽⁶⁾																		
Jiangsu																		
<i>Changshu</i>																		
51	Brigitte (碧麗庭)	18,368	February 2018	June 2018	August 2019	37,856	25,705	-	-	-	-	-	-	-	-	-	25	-
52	Brown Stone Life (絹石翠苑)	53,530	April 2018	October 2018	December 2020	-	-	-	99,706	66,182	28,700	-	-	85.4	-	-	25	277.5
53	Country Garden – Lingsyu (碧桂園•嶺巒)	59,040	December 2015	March 2016	January 2018	168,899	150,068	-	-	-	-	-	-	-	-	-	40	-
<i>Changzhou</i>																		
54	Pony Saijiang Park (牡丹三江公園)	135,330	June 2018	July 2018	September 2021	-	-	-	392,229	381,685	247,458	-	-	624.5	136.1	-	24.5	531.2
55	Tianming Rong Yue Fu (天寧融悅府)	53,936	August 2019	October 2019	August 2021	-	-	-	160,842	157,320	42,865	-	-	272.6	178.2	-	30	245.1
<i>Hainan</i>																		
56	Romantic Bay (浪漫灣)	52,569	April 2017	April 2017	November 2019	138,581	120,119	-	-	-	-	-	-	-	-	-	30	-
<i>Jiangyin</i>																		
57	Leiden Town (萊頓小鎮)	203,609	June 2018	September 2018	March 2022	-	-	-	451,231	319,762	212,163	-	451,231	67,685	413.0	93.0	15	244.7
<i>Lianyungang</i>																		
58	Feng Huang Yuan Zhu (鳳凰原著)	56,593	May 2018	September 2018	September 2021	-	-	-	144,115	111,569	103,690	-	144,115	28,823	244.8	104.9	20	161.6
<i>Nantong</i>																		
59	Country Garden – Fei Cui Hua Fu (碧桂園•翡翠華府)	71,284	December 2016	December 2016	March 2019	152,541	130,336	-	-	-	-	-	-	-	-	-	15	-

BUSINESS

Number	Projects	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Preside Completion Date	Completed			Under Development			Future Development			Reference to Property Valuation Report(s)					
					Total GFA Completed ⁽¹⁾ (in sq.m.)	Sizable/ Leasable GFA ⁽²⁾ (in sq.m.)	GFA Unsell ⁽³⁾ (in sq.m.)	Total GFA Under Development ⁽¹⁾ (in sq.m.)	Sizable/ Leasable GFA ⁽²⁾ (in sq.m.)	Total Estimated GFA for Future Development ⁽¹⁾ (in sq.m.)	Total Land Reserve (in sq.m.)	Proportion of the Land Reserve attributable to our Group ⁽⁴⁾ (in sq.m.)	Development Cost Incurred ⁽⁵⁾ (in RMB million)		Estimated Future Development Cost as at December 31, 2019 ⁽⁵⁾ (in RMB million)	Estimated Future Development Cost from 2020 onwards ⁽⁵⁾ (in RMB million)	Our Group's Interest in the Project (%)	Our Group's Attributable Market Value (in RMB million)	
<i>Riqiao</i>																			
60	Imperial Garden (順利園)	43,601	March 2018	June 2018	February 2020	130,714	105,325	105,325	-	-	-	105,325	31,598	425.2	-	-	340.2	-	
<i>Yan Cheng</i>																			
61	Jun Yue Fu (碧悅府)	99,553	June 2017	July 2017	July 2019	206,347	187,264	12,764	-	-	-	12,764	2,553	477.7	-	-	4.5	-	
62	Long Ting Hua Fu (龍庭華府)	40,364	June 2017	June 2017	November 2019	107,376	94,775	120	-	-	-	120	36	352.3	-	-	0.08	-	
<i>Zhongjiagang</i>																			
63	Country Garden – Bi Jing Ming Di (碧桂園•碧景名邸)	52,049	September 2016	November 2016	November 2018	136,617	114,038	-	-	-	-	-	-	432.0	-	-	-	15	-
64	Country Garden – Feng Huang Tai (碧桂園•鳳凰台)	92,115	March 2017	June 2017	June 2019	231,214	193,325	-	-	-	-	-	-	1,748.6	-	-	-	20	-
Sub-total						1,310,145	1,120,955	118,209	1,248,123	1,056,318	634,876	1,386,332	299,971	7,096.4	1,640.3	512.3	55.0	1,804.8	
Grand Total						3,819,037	3,256,843	562,406	6,645,804	5,578,557	2,329,053	7,640,106	3,355,675	20,593.1	10,023.6	5,319.5	2,195.3	17,229.2	

BUSINESS

Notes:

- (1) *Total GFA Completed comprises Saleable/Leasable GFA and non-saleable/leasable GFA. Total GFA Under Development comprises Saleable/Leasable GFA and non-saleable/leasable GFA.*
- (2) *Saleable/Leasable GFA Completed comprises GFA Unsold and GFA sold and delivered. Saleable/Leasable GFA under Under Development comprises Pre-sold GFA and GFA not yet pre-sold.*
- (3) *GFA Unsold comprises GFA unsold, pre-sold but undelivered, and leasable GFA.*
- (4) *Proportion of the total land reserve attributable to our Group represents the land reserve adjusted by our Group's interest in the respective project.*
- (5) *Costs, whether actual or estimated, refer to the direct costs (unaudited) incurred by such items, including relevant taxation and construction costs excluding capitalized interests and the land costs. The estimated future development costs have not been adjusted for the percentage of shareholding held by our Group in the relevant project companies.*
- (6) *The Property Valuation Report as set out in Appendix III to this prospectus does not cover projects: (i) that have been completed and delivered; or (ii) are held by our joint ventures or associated companies.*
- (7) *We have majority voting rights at the shareholders' meeting and control the decisions of the board of each of the property projects developed by our subsidiaries. Please refer to notes 2.2. and 32 of the Accountant's Report set out in Appendix I to this prospectus.*
- (8) *We have joint control over each of the property projects developed by our joint ventures. Please refer to notes 2.2 and 15(b) of the Accountant's Report set out in Appendix I to this prospectus.*
- (9) *We have the power to participate in the financial and operating policy decisions of each of the property projects developed by our associated companies. Please refer to notes 2.2 and 15(b) of the Accountant's Report set out in Appendix I to this prospectus.*

BUSINESS

Our Property Development Projects

A. Property Projects Developed by Our Subsidiaries

Jiangsu

1. Hong Kong City (香江華庭)



Hong Kong City (香江華庭) is a residential project located in Haiyu town, Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to hospital, park, schools, and banks. The project occupies a total site area of 42,593 sq.m. and comprises of multi-story apartments and high-rise residential units. As of the Valuation Date, the project has an aggregated GFA of 132,205 sq.m.

We entered into the relevant land grant contract on July 22, 2013 and had paid the land premium of RMB159.3 million in full for the entire project.

We obtained the completion certificate of this project in January 2018. As of the Valuation Date, the entire project has been fully sold and delivered.

Below are details of this project as of the Valuation Date:

Residential	Retail	GFA		Total
		Ancillary Areas and others (in sq.m.)	Carpark	
104,801	–	27,404	–	132,205
Interest attributable to our Group				100%
Construction period				
Actual commencement date				February 2014
Actual completion date				October 2017
Total saleable/leasable GFA completed				104,801 sq.m.
Total saleable/leasable GFA completed and sold				104,801 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

BUSINESS

2. Tang Yue Ming Zhu (棠悦名筑)



Tang Yue Ming Zhu (棠悦名筑) is a residential project located in Longteng district, Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to shopping malls, supermarket and hospital. The project occupies a total site area of 62,585 sq.m. and mainly comprises of high-rise residential units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 190,399 sq.m.

We commenced the pre-sale for this project in January 2020.

We entered into the relevant land grant contract on August 28, 2019 and had paid the land premium of RMB1,421.9 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
125,362	–	65,037	–	190,399
Interest attributable to our Group				34.9% ⁽¹⁾
Construction period				
Actual commencement date				November 2019
Estimated completion date				August 2022
Total saleable/leasable GFA under development				125,362 sq.m.
Total saleable/leasable GFA under development and pre-sold				2,777 sq.m.
Percentage of total saleable/leasable GFA pre-sold				2.2%

Note:

- (1) The project company of Tang Yue Ming Zhu is Suzhou Ruixing. Under the cooperation arrangement among the shareholders of Suzhou Ruixing, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Suzhou Ruixing. Accordingly, Suzhou Ruixing was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold, completion and delivery of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Suzhou Ruixing.

BUSINESS

3. *Xiang Lan Hua Ting* (香瀾華庭)

Xiang Lan Hua Ting (香瀾華庭) is a residential project located in Haiyu town, Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, hospitals and banks. The project occupies a total site area of 12,151 sq.m., and mainly comprises of high-rise residential units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 21,247 sq.m.

We commenced the pre-sale for this project in April 2019.

We entered into the relevant land grant contract on July 27, 2018 and had paid the land premium of RMB88.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
13,733	–	7,514	–	21,247

Interest attributable to our Group	100%
Construction period	
Actual commencement date	October 2018
Estimated completion date	October 2020
Total saleable/leasable GFA under development	13,733 sq.m.
Total saleable/leasable GFA under development and pre-sold	11,028 sq.m.
Percentage of total saleable/leasable GFA pre-sold	80.3%

4. *Xiang Yu Hua Ting* (香語華庭)



Xiang Yu Hua Ting (香語華庭) is a residential project located in Haiyu town, Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, banks and supermarket.

We entered into the relevant land grant contract on December 20, 2015 and had paid the land premium of RMB163.2 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in April 2020.

BUSINESS

The project occupies a total site area of 60,221 sq.m. and comprises of high-rise residential units and multi-storey apartments. As of the Valuation Date, the project has an aggregated GFA of 175,698 sq.m.

Details of each phase of this project as of the Valuation Date are as follows:

	Status	Total GFA/ Estimated Total GFA	Pre-Sold GFA	Pre-sale Date	Actual Construction Commencement Date	Actual Completion Date
	(in sq.m.)	(in sq.m.)				
Phase I & II . . .	Completed	116,405	–	September 2016	August 2016	April 2019
Phase III.	Under Development	59,293	49,907	September 2017	May 2017	April 2020
Total.		<u>175,698</u>	<u>49,907</u>			

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
123,847	–	51,851	–	175,698

Interest attributable to our Group	100%
Construction period	
Actual commencement date	August 2016
Actual completion date	April 2020
Total saleable/leasable GFA completed	73,390 sq.m.
Total saleable/leasable GFA completed and sold	72,123 sq.m.
Percentage of total saleable/leasable GFA sold	98.3%
Total saleable/leasable GFA under development	50,456 sq.m.
Total saleable/leasable GFA under development and pre-sold	49,907 sq.m.
Percentage of total saleable/leasable GFA pre-sold	98.9%

BUSINESS

5. Ganglong Bauhinia Residence (港龍紫荊城)



Ganglong Bauhinia Residence (港龍紫荊城) is a residential project located at the north of Wujin district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to government office, schools and commercial plaza. The project occupies a total site area of 43,510 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 138,757 sq.m.

We entered into the relevant land grant contract on December 31, 2009 and had paid the land premium of RMB105.3 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in November 2014.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
100,456 ⁽¹⁾	6,868	12,160	19,273	138,757
Interest attributable to our Group				100%
Construction period				
Actual commencement date				December 2010
Actual completion date				November 2014
Total saleable/leasable GFA completed				126,597 sq.m. ⁽¹⁾
Total saleable/leasable GFA completed and sold				116,839 sq.m.
Percentage of total saleable/leasable GFA sold				92.3%

Note:

(1) Including 23 units of resettlement houses with an aggregate area of 2,626 sq.m. reserved for resettlement purposes by the Office of Housing and Reimbursement of Jiangsu Changzhou Economic Development Zone (江蘇常州經濟開發區房屋徵收與保償辦公室) to be sold to affected residents at the price of RMB5,635.0 per sq.m. provided under the relevant commodity housing resettlement cooperation agreement that we entered into with the governmental entity. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

BUSINESS

6. *Ganglong Hua Ting (港龍華庭)*



Ganglong Hua Ting (港龍華庭) is a residential project located at the city center of Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to park and hospital. The project occupies a total site area of 23,900 sq.m. and comprises of multi-storey apartments, retail units, high-rise residential units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 62,329 sq.m.

We entered into the relevant land grant contract on July 19, 2007 and had paid the land premium of RMB43.5 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in January 2011.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
31,900	18,244	3,837	8,347	62,329
Interest attributable to our Group				100%
Construction period				
Actual commencement date				October 2008
Actual completion date				January 2011
Total saleable/leasable GFA completed				58,492 sq.m.
Total saleable/leasable GFA completed and sold				55,455 sq.m.
Percentage of total saleable/leasable GFA sold				94.8%

BUSINESS

7. *Ganglong Shang Ceng* (港龍尚層)



Ganglong Shang Ceng (港龍尚層) is a commercial project located at the east of Zhonglou district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to university, railway station, supermarket and hospital. The project occupies a total site area of 8,090 sq.m., and comprises of retail units, offices units, and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 43,854 sq.m.

We entered into the relevant land grant contract on July 19, 2007 and had paid the land premium of RMB97.0 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in July 2011.

Below are details of this project as of the Valuation Date:

	GFA				Total
	Residential	Retail and Commercial	Ancillary Areas and others (in sq.m.)	Carpark	
	–	37,652	2,115	4,087	43,854
Interest attributable to our Group					100%
Construction period					
Actual commencement date					June 2008
Actual completion date					June 2011
Total saleable/leasable GFA completed					41,739 sq.m.
Total saleable/leasable GFA completed and sold					36,347 sq.m.
Percentage of total saleable/leasable GFA sold					87.1%

BUSINESS

8. Long Chen Ming Zhu (龍宸銘著)



Long Chen Ming Zhu (龍宸銘著) is a residential project located in Wujin District, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to sport center, schools, supermarket, bank and park. The project occupies a total site area of 67,402 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 191,535 sq.m.

We commenced the pre-sale for this project in December 2019.

We entered into the relevant land grant contract on July 25, 2019 and had paid the land premium of RMB589.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
144,452	1,537	2,295	43,251	191,535
Interest attributable to our Group				40% ⁽¹⁾
Construction period				
Actual commencement date				November 2019
Estimated completion date				April 2023
Total saleable/leasable GFA under development				189,240 sq.m.
Total saleable/leasable GFA under development and pre-sold				21,519 sq.m.
Percentage of total saleable/leasable GFA pre-sold				11.4%

Note:

(1) The project company of Long Chen Ming Zhu is Changzhou Gangjia. Under the cooperation arrangement among the shareholders of Changzhou Gangjia, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of the Changzhou Gangjia. Accordingly, Changzhou Gangjia was accounted for and consolidated in the audited accounts of the Company and considered as a subsidiary of our Company. The cooperation arrangement, including the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold and delivered of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Changzhou Gangjia.

BUSINESS

9. Long Yue Fu (龍悦府)

Long Yue Fu (龍悦府) is a residential project located in Wujin district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 27,590 sq.m. and comprises of high-rise residential units, retail units, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 66,347 sq.m.

We commenced pre-sale for this development project in August 2019.

We entered into the relevant land grant contract on May 5, 2019 and had paid the land premium of RMB227.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
48,062	494	7,041	10,750	66,347

Interest attributable to our Group	51%
Construction period	
Actual commencement date	July 2019
Estimated completion date	March 2021
Total saleable/leasable GFA under development	59,306 sq.m.
Total saleable/leasable GFA under development and pre-sold	50,078 sq.m.
Percentage of total saleable/leasable GFA pre-sold	84.4%

10. The Hong Kong Masterpiece (新港城)



The Hong Kong Masterpiece (新港城) is a residential project located at the north of Wujin district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to school, hotel and shopping mall. The project has four phases, and as of the Valuation Date, two phases are completed and two phases are under development. The project occupies a total site area of 132,460 sq.m. and as of the Valuation Date, the project has an aggregated GFA of 418,738 sq.m. Phase I, II and III-1 of the project comprise of high-rise residential units, townhouses, retail units and car parking spaces. Phase III-2 and IV are still under development.

BUSINESS

Details of each phase of this project as of the Valuation Date are as follows:

Status	Total GFA/ Estimated Total GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Pre-sale Date	Actual Construction Commencement Date	Actual/ Estimated Completion Date	
Phase I & II	Completed	211,547	–	September 2013	June 2013	April 2018
Phase III-1	Completed	109,060	–	September 2017	June 2017	December 2019
Phase III-2 & IV	Under Development	98,131	77,595	September 2017	June 2017	July 2020
Total	<u>418,738</u>	<u>77,595</u>				

We entered into the relevant land grant contract on October 17, 2012 and had paid the land premium of RMB368.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
319,514 ^(Note)	19,072	25,717	54,435	418,738

Interest attributable to our Group	100%
Construction period	
Actual commencement date	June 2013
Estimated completion date	July 2020
Total saleable/leasable GFA completed	298,589 sq.m. ⁽¹⁾
Total saleable/leasable GFA completed and sold	267,088 sq.m.
Percentage of total saleable/leasable GFA sold	89.5%
Total saleable/leasable GFA under development	94,432 sq.m. ⁽¹⁾
Total saleable/leasable GFA under development and pre-sold	77,595 sq.m.
Percentage of total saleable/leasable GFA pre-sold	82.2%

Note:

- (1) Including 157 units of resettlement houses with an aggregate area of 15,269 sq.m. reserved for resettlement purposes by the Office of Housing and Reimbursement of Jiangsu Changzhou Economic Development Zone (江蘇常州經濟開發區房屋徵收與補償辦公室) or the Centre of Housing and Reimbursement of Jiangsu Changzhou Economic Development Zone (江蘇常州經濟開發區房屋徵收補償中心), as the case may be, to be sold to affected residents at the respective prices of RMB7,900.0, RMB5,733.0 and RMB5,483.0 per sq.m. provided under the relevant commodity housing resettlement cooperation agreements that we entered into with the relevant government entities. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

BUSINESS

11. Ziyu Mansion (紫御府)



Ziyu Mansion (紫御府) is a residential project located at the north of Wujin district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and hotels and in close proximity to schools. The project occupies a total site area of 24,312 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 86,265 sq.m.

We commenced the pre-sale for this project in August 2018.

We entered into the relevant land grant contract on April 3, 2018 and had paid the land premium of RMB214.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
61,236 ⁽¹⁾	3,015 ⁽¹⁾	–	22,014	86,265

Interest attributable to our Group	100%
Construction period	
Actual commencement date	August 2018
Estimated completion date	November 2020
Total saleable/leasable GFA under development	86,265 sq.m. ⁽¹⁾
Total saleable/leasable GFA under development and pre-sold	54,666 sq.m.
Percentage of total saleable/leasable GFA pre-sold	63.4%

Note:

(1) Including 100 units of directional placement houses with an aggregate area of 10,000 sq.m. and seven units of retail units with an aggregate area of 1,400 sq.m. to be repurchased by the local government at the price of RMB4,800.0 per sq.m. for resettlement purposes upon completion as agreed under the land investment and repurchase agreement.

12. Hanlin Capital (翰林首府)



Hanlin Capital (翰林首府) is a residential project located in Hai'an city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to school, and botanical park. The project occupies a total site area of 57,633 sq.m. and comprises of high-rise residential units, retail units, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 202,982 sq.m.

We commenced the pre-sale for this project in July 2019.

We entered into the relevant land grant contract on January 28, 2019 and had paid the land premium of RMB605.1 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
145,977	2,817	5,235	48,954	202,982
Interest attributable to our Group				70%
Construction period				
Actual commencement date				May 2019
Estimated completion date				November 2021
Total saleable/leasable GFA under development.				197,747 sq.m.
Total saleable/leasable GFA under development and pre-sold				141,759 sq.m.
Percentage of total saleable/leasable GFA pre-sold				71.7%

BUSINESS

13. Taoyuan Li (桃源里)



Taoyuan Li (桃源里) is a residential project located in Hai'an city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, government offices and hospital. The project occupies a total site area of 49,314 sq.m. and comprises of high-rise residential units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 159,692 sq.m.

We commenced pre-sale for this project in April 2020.

We entered into the relevant land grant contract on September 24, 2019 and had paid the land premium of RMB401.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
119,048	2,104	2,426	36,114	159,692

Interest attributable to our Group	28% ⁽¹⁾
Construction period	
Actual commencement date.....	April 2020
Estimated completion date.....	August 2022
Total saleable/leasable GFA under development	157,266 sq.m. ⁽²⁾
Total saleable/leasable GFA under development and pre-sold	nil
Percentage of total saleable/leasable GFA pre-sold	nil

Notes:

- (1) The project company of Taoyuan Li is Nantong Xinhe. Under the cooperation arrangement among the shareholders of Nantong Xinhe, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Nantong Xinhe. Accordingly, Nantong Xinhe was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold, completion and delivery of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Nantong Xinhe.
- (2) Including 68 units of resettlement houses with an aggregate area of 10,000 sq.m (among which approximately 9,000 sq.m. is for residential use and the remaining 1,000 sq.m. is for commercial use) reserved for resettlement purposes by the Management Committee of Hai'an High-tech Industrial Development Zone (海安高新技術產業開發區管理委員會), as demolition or relocation party, to be sold to affected residents at the price of RMB4,000.0 per sq.m. for residential properties and RMB7,500.0 per sq.m. for commercial properties provided under the relevant commodity housing resettlement cooperation agreement that we entered into with the governmental entity. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

BUSINESS

14. Nature Image (泊翠瀾境)

Nature Image (泊翠瀾境) is a residential project located in Haimen city, Jiangsu. Developments in the vicinity comprise mainly residential and commercial developments and in close proximity to shopping malls, schools and government office. The project occupies a total site area of 47,078 sq.m. and comprises of high-rise residential units, townhouses, and retail units. As of the Valuation Date, the project was held for future development and is expected, upon completion, to have an aggregated GFA of 96,351 sq.m.

We commenced construction for this project in April 2020.

We entered into the relevant land grant contract on January 20, 2020 and as of the Valuation Date, the land premium of RMB635.1 million had yet to be fully paid.

Below are details of this project as of the Valuation Date:

		Planned GFA			
Residential	Retail	Ancillary Areas and others	Carpark	Total	
		(in sq.m.)			
62,215	2,010	32,127	–	96,351	
Interest attributable to our Group					100% ⁽¹⁾
Construction period					
Actual commencement date					April 2020
Estimated completion date					June 2022
Total saleable/leasable GFA held for future development					64,224 sq.m.

Note:

(1) The project company of Nature Image (泊翠瀾境) is Haimen Ganghua. As of the Valuation Date, Haimen Ganghua was solely held by Shanghai Gangming an indirect wholly-owned subsidiary of the Group. Subsequent to the Valuation Date, the following business partners, all of which are Independent Third Parties, acquired an aggregate of 74.0% shareholding in Haimen Ganghua by way of capital injection. As a result, as of the Latest Practicable Date, Haimen Ganghua was held by Shanghai Gangming, as to 26.0%, Wuxi Jinke Jiarun Real Estate Development Co., Ltd.* (無錫金科嘉潤房地產開發有限公司) as to 24.5%, Suzhou Xinruli Real Estate Development Co., Ltd.* (蘇州新睿力房地產開發有限公司) as to 24.5% and Jiangsu Tongyin Industrial Group Co., Ltd.* (江蘇通銀實業集團有限公司) as to 25.0%, respectively.

Under the cooperation arrangement among the shareholders of Haimen Ganghua, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Haimen Ganghua. Accordingly, Haimen Ganghua was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold and delivered or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Haimen Ganghua.

BUSINESS

15. Sunac Plaza (融創廣場)



Sunac Plaza (融創廣場) is a residential and commercial project located in the center of Huai'an city, Jiangsu. Development in the vicinity comprises mainly residential and commercial developments and in close proximity to park, schools and shopping mall. The project occupies a total site area of 188,564 sq.m. and comprises of high-rise residential units and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 603,635 sq.m.

We commenced pre-sale for this development project in September 2019.

We entered into the relevant land grant contract on November 6, 2018 and had paid the land premium of RMB1,380.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail and Commercial	Ancillary Areas and others (in sq.m.)	Carpark	Total
412,124	15,117 ⁽²⁾	176,395	–	603,635
Interest attributable to our Group				25.5% ⁽¹⁾
Construction period				
Actual commencement date				July 2019
Estimated completion date				June 2024
Total saleable/leasable GFA under development				427,241 sq.m. ⁽²⁾
Total saleable/leasable GFA under development and pre-sold				89,030 sq.m.
Percentage of total saleable/leasable GFA pre-sold				20.8%

Notes:

- (1) *The project company of Sunac Plaza is Huai'an Guochuang. Under the cooperation arrangement among the shareholders of Huai'an Guochuang, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Huai'an Guochuang. Accordingly, Huai'an Guochuang was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Huai'an Guochuang.*
- (2) *Excluding 85,000 sq.m. of commercial properties which are in turn owned by our third party business partner through our project company. As we will not be entitled to such 85,000 sq.m., such area has been excluded from total GFA for retail and commercial as well as total saleable/leasable GFA under development. For further details in relation to our equity interest in Sunac Plaza, please see the Property Valuation Report in Appendix III of this prospectus.*

BUSINESS

16. Jing Shan Xiu Shui (景山秀水)



Jing Shan Xiu Shui (景山秀水) is a residential project located in Haizhou district, the city center of Lianyungang city, Jiangsu. Developments in the vicinity comprise mainly residential developments and government offices and in close proximity to shopping mall, market, school and bus transportation center. The project occupies a total site area of 53,063 sq.m., and comprises of high-rise residential units, townhouses, retail units, and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 141,761 sq.m.

We obtained the completion certificate for this project in October 2019.

We entered into the relevant land grant contract on May 20, 2016 and had paid the land premium of RMB190.9 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
102,802	5,931	27,330	5,698	141,761
Interest attributable to our Group				100%
Construction period				
Actual commencement date				January 2017
Actual completion date..				October 2019
Total saleable/leasable GFA completed				114,431 sq.m.
Total saleable/leasable GFA completed and sold				103,104 sq.m.
Percentage of total saleable/leasable GFA sold				90.1%

BUSINESS

17. River of Mansion (時光泊月園)

River of Mansion (時光泊月園) is a residential project located in Pukou District, Nanjing city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools. The project occupies a total site area of 28,188 sq.m. and comprises of multi-storey apartments, and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 48,864 sq.m.

We commenced pre-sale for this development project in June 2020.

We entered into the relevant land grant contract on November 27, 2019 with a land premium of RMB290.0 million which had been fully paid as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
32,727	505	11,545	4,088	48,864
Interest attributable to our Group				50% ⁽¹⁾
Construction period				
Actual commencement date				March 2020
Estimated completion date				November 2021
Total saleable/leasable GFA under development				37,319 sq.m.
Total saleable/leasable GFA under development and pre-sold				nil
Percentage of total saleable/leasable GFA pre-sold				nil

Note:

(1) The project company of River of Mansion is Nanjing Ganghong. Under the cooperation arrangement among the shareholders of Nanjing Ganghong, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Nanjing Ganghong. Accordingly, Nanjing Ganghong was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold, completion and delivery of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Nanjing Ganghong.

18. Chen Yuan (晨園)

Chen Yuan (晨園) is a residential project located in Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to school, park and supermarket. The project occupies a total site area of 38,237 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 126,319 sq.m.

We commenced the pre-sale for this project in October 2019.

We entered into the relevant land grant contract on June 21, 2019 and had paid the land premium of RMB550.2 million in full for the entire project as of the Valuation Date.

BUSINESS

For details of each phase of this project as of the Valuation Date, see below:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
80,712	3,585	1,735	40,287	126,319

Interest attributable to our Group	51%
Construction period	
Actual commencement date	September 2019
Estimated completion date	June 2021
Total saleable/leasable GFA under development	124,584 sq.m.
Total saleable/leasable GFA under development and pre-sold	14,823 sq.m.
Percentage of total saleable/leasable GFA pre-sold	11.9%

19. Xi Yue (熙悦)



Xi Yue (熙悦) is a residential project located in Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to commercial center. The project occupies a total site area of 24,537 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 77,121 sq.m.

We commenced the pre-sale for this project in April 2020.

We entered into the relevant land grant contract on July 23, 2019 and had paid the land premium of RMB329.9 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
50,402	2,881	1,609	22,229	77,121

Interest attributable to our Group	51%
Construction period	
Actual commencement date	January 2020
Estimated completion date	August 2021
Total saleable/leasable GFA under development	75,512 sq.m.
Total saleable/leasable GFA under development and pre-sold.....	nil
Percentage of total saleable/leasable GFA pre-sold.....	nil

20. Unique Summer Mansion (桃源府)



Unique Summer Mansion (桃源府) is a residential project located in Taixing city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to school and supermarket. The project occupies a total site area of 66,804 sq.m. and comprises of high-rise residential units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 172,925 sq.m.

We commenced the pre-sale for this project in August 2018.

We entered into the relevant land grant contract on March 15, 2018 and had paid the land premium of RMB511.1 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
131,897	–	17,538	23,491	172,925
Interest attributable to our Group				33% ⁽¹⁾
Construction period				
Actual commencement date				July 2018
Estimated completion date				November 2021
Total saleable/leasable GFA under development				155,387 sq.m.
Total saleable/leasable GFA under development and pre-sold				29,231 sq.m.
Percentage of total saleable/leasable GFA pre-sold				18.8%

Note:

- (1) The project company of Unique Summer Mansion is Taixing Chuanghe. Under the cooperation arrangement among the shareholders of Taixing Chuanghe, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Taixing Chuanghe. Accordingly, Taixing Chuanghe was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war) or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Taixing Chuanghe.

21. Hanlin Fu Huayuan (翰林府花園)

Hanlin Fu Huayuan (翰林府花園) is a residential project located in Taizhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools and hospitals. The project occupies a total site area of 53,700 sq.m. and mainly comprises of high-rise residential units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 190,214 sq.m.

We commenced pre-sale for this project in April 2020.

We entered into the relevant land grant contract on December 6, 2019 and had paid the land premium of RMB753.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
143,384	–	21,557	25,273	190,214
Interest attributable to our Group				60%
Construction period				
Actual commencement date.....				March 2020
Estimated completion date.....				June 2022
Total saleable/leasable GFA under development				168,657 sq.m.
Total saleable/leasable GFA under development and pre-sold				nil
Percentage of total saleable/leasable GFA pre-sold				nil

BUSINESS

22. Chun Xi Ji (春溪集)



Chun Xi Ji (春溪集) is a residential project located in Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools and hospitals. The project occupies a total site area of 44,485 sq.m. and comprises of high-rise residential units, and retail units. As of the Valuation Date, the project was held for future development and is expected, upon completion, to have an aggregated GFA of 146,267 sq.m.

We commenced pre-sale for this project in May 2020.

We entered into the relevant land grant contract on November 12, 2019 and had paid the land premium of RMB77.2 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

Residential	Retail	Planned GFA		Total
		Ancillary Areas and others (in sq.m.)	Carpark	
108,315	2,540	35,412	–	146,267

Interest attributable to our Group	51%
Construction period	
Actual commencement date	April 2020
Estimated completion date	January 2024
Total saleable/leasable GFA held for future development	110,855 sq.m.

BUSINESS

23. Ganglong Capital (港龍首府)



Ganglong Capital (港龍首府) is a residential project located in Xiangshui, Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, park, stadium and government office. The project occupies a total site area of 64,193 sq.m., and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 154,140 sq.m.

We commenced the pre-sale for this project in May 2019.

We entered into the relevant land grant contract on December 7, 2018 and had paid the land premium of RMB218.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
114,621	311	6,053	33,154	154,140
Interest attributable to our Group				100%
Construction period				
Actual commencement date				April 2019
Estimated completion date				December 2020
Total saleable/leasable GFA under development				148,086 sq.m.
Total saleable/leasable GFA under development and pre-sold				91,224 sq.m.
Percentage of total saleable/leasable GFA pre-sold				61.6%

BUSINESS

24. Guan Tang Fu (觀棠府)



Guan Tang Fu (觀棠府) is a residential project located in Yandu District, Yancheng city, Jiangsu. Development in the vicinity comprises mainly residential developments and in close proximity to park, shopping mall and school. The project occupies a total site area of 69,049 sq.m., and comprises of high-rise residential units, multi-storey apartments, retail units, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 204,000 sq.m.

We commenced the pre-sale for this project in September 2019.

We entered into the relevant land grant contract on February 26, 2019 and had paid the land premium of RMB710.9 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
142,225	4,892	4,791	52,092	204,000

Interest attributable to our Group	34% ⁽¹⁾
Construction period	
Actual commencement date	September 2019
Estimated completion date	March 2022
Total saleable/leasable GFA under development	199,208 sq.m.
Total saleable/leasable GFA under development and pre-sold	66,901 sq.m.
Percentage of total saleable/leasable GFA pre-sold	33.6%

Note:

(1) The project company of Guan Tang Fu is Jiangsu Tongganghong. Under the cooperation arrangement among the shareholders of Jiangsu Tongganghong, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Jiangsu Tongganghong. Accordingly, Jiangsu Tongganghong was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as achievement of the agreed percentage of GFA sold and completion of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Jiangsu Tongganghong.

BUSINESS

25. *Hua Qiao Cheng* (華僑城)



Hua Qiao Cheng (華僑城) is a residential project located in the city center of Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to school, government office, supermarket and hospital. The project occupies a total site area of 94,423 sq.m. and comprises of high-rise residential units, multi-storey apartments, retail units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 307,300 sq.m.

We entered into the relevant land grant contract on July 21, 2010 and had paid the land premium of RMB212.6 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in September 2017. As of the Valuation Date, the entire project has been fully sold and delivered.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
223,153 ⁽¹⁾	11,851	63,321	8,974	307,300
Interest attributable to our Group				100%
Construction period				
Actual commencement date				September 2011
Actual completion date				January 2017
Total saleable/leasable GFA completed				243,979 sq.m. ⁽¹⁾
Total saleable/leasable GFA completed and sold				243,979 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

Note:

- (1) Including 314 units of resettlement houses with an aggregate area of 27,566 sq.m reserved for resettlement purposes by the Yancheng City Yandu District New District Management Committee (鹽城市鹽都區新區管理委員會), as demolition or relocation party, to be sold to affected residents at the price of RMB3,550.0 per sq.m. provided under the relevant commodity housing resettlement cooperation agreement that we entered into with the governmental entity. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

BUSINESS

26. *Hua Qiao Xin Cheng* (華僑新城)



Hua Qiao Xin Cheng (華僑新城) is a residential project located at the city center of Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, government offices, shopping malls, park and hospital. The project occupies a total site area of 42,170 sq.m. and comprises of high-rise residential units, townhouses, retail units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 119,906 sq.m.

We obtained the completion certificate for this project in November 2019.

We entered into the relevant land grant contract on May 4, 2016 and had paid the land premium of RMB102.1 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
87,881	3,110	12,550	16,365	119,906
Interest attributable to our Group				100%
Construction period				
Actual commencement date				November 2016
Actual completion date				November 2019
Total saleable/leasable GFA completed				107,356 sq.m.
Total saleable/leasable GFA completed and sold				102,425 sq.m.
Percentage of total saleable/leasable GFA completed and sold				95.4%

BUSINESS

27. Ganglong Lakeside Mansion (港龍•湖光瓏樾)

Ganglong Lakeside Mansion (港龍•湖光瓏樾) is a residential project located in Yixing City, Jiangsu. Developments in the vicinity comprise mainly residential developments and in close proximity to schools and markets. The project occupies a total site area of 66,626 sq.m. and comprises of high-rise and mid-rise residential units, and retail units. As of the Valuation Date, the project was held for future development and is expected, upon completion, to have an aggregated GFA of 189,277 sq.m.

We entered into the relevant land grant contract on January 3, 2020 and had paid the land premium of RMB672.0 million in full for the entire project as of the Valuation Date.

We commenced the construction for this project in May 2020.

Below are details of this project as of the Valuation Date:

Residential	Retail	Planned GFA		Total
		Ancillary Areas and others (in sq.m.)	Carpark	
129,251	1,518	10,846	47,662	189,277

Interest attributable to our Group	100%
Construction period	
Actual commencement date	May 2020
Estimated completion date	January 2023
Total saleable/leasable GFA held for future development	178,431 sq.m.

Henan

28. Mansion Grand (雍河尚院)



Mansion Grand (雍河尚院) is a residential project located in Luoyang city, Henan. Development in vicinity comprises mainly industrial developments and is in close proximity to a park. The project occupies a total site area of 95,168 sq.m. and comprises of high-rise residential units, multi-storey apartments, and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 192,223 sq.m.

We commenced the construction for this project in December 2019.

We secured the land use rights of three parcels of land from the secondary market in June 2015 and entered into the relevant land grant contract of one parcel of land on 12 November 2015 for land premium of RMB52.1 million for the entire project.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
126,935	1,612	63,676	–	192,223

Interest attributable to our Group	90%
Construction period	
Actual commencement date	December 2019
Estimated completion date	February 2023
Total saleable/leasable GFA under development.....	128,547 sq.m.

Shanghai

29. Shan Shui Shi Jian (山水拾間)



Shan Shui Shi Jian (山水拾間) is a residential project located in Chongming district, Shanghai. Developments in the vicinity comprise mainly residential developments and schools and in close proximity to hotel and wetland park. The project occupies a total site area of 85,590 sq.m. and comprises of townhouses, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 78,095 sq.m.

We commenced the pre-sale for this project in July 2019.

We entered into the relevant land grant contract on April 30, 2014 and had paid the land premium of RMB660.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
40,945 ⁽¹⁾	718	13,998	22,433	78,095

Interest attributable to our Group	50% ⁽²⁾
Construction period	
Actual commencement date	January 2019
Estimated completion date	June 2021
Total saleable/leasable GFA under development	64,096 sq.m. ⁽¹⁾
Total saleable/leasable GFA under development and pre-sold	17,258 sq.m.
Percentage of total saleable/leasable GFA pre-sold	26.9%

BUSINESS

Notes:

- (1) According to the land grant contract, no less than 5.0% of the planned residential GFA (equivalent to 24 residential units in aggregate of approximately 2,160 sq.m.) were designated to the local government for free as social welfare housing upon completion. As we will not be entitled to such 2,160 sq.m., such area has been excluded from the residential GFA as well as total saleable/leasable GFA under development. During the Track Record Period, we have not recorded any sales attributable to such social welfare houses. We are not responsible for any relocation and resettlement operations in connection with this project.
- (2) The project company of Shan Shui Shi Jian is Shanghai Chongming. Under the cooperation arrangement among the shareholders of Shanghai Chongming, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Shanghai Chongming. Accordingly, Shanghai Chongming was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Shanghai Chongming.

Zhejiang

30. *Qiu Shi Chen Yue* (秋實宸悅)

Qiu Shi Chen Yue (秋實宸悅) is a residential project located in Yuhang district, Hangzhou city, Zhejiang. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, government office and hospital. The project occupies a total site area of 28,344 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 81,117 sq.m.

We commenced the pre-sale for this project in July 2019.

We entered into the relevant land grant contract on July 29, 2018 and had paid the land premium of RMB522.3 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

	GFA				Total
	Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	
	51,362 ⁽²⁾	1,447	3,960	24,348	81,117
Interest attributable to our Group					25% ⁽¹⁾
Construction period					
Actual commencement date					December 2018
Estimated completion date					January 2021
Total saleable/leasable GFA under development					77,157 sq.m. ⁽²⁾
Total saleable/leasable GFA under development and pre-sold					52,134 sq.m.
Percentage of total saleable/leasable GFA pre-sold					67.6%

Notes:

- (1) The project company of *Qiu Shi Chen Yue* is Hangzhou Chenrui. Under the cooperation arrangement among the shareholders of Hangzhou Chenrui, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Hangzhou Chenrui. Accordingly, Hangzhou Chenrui was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Hangzhou Chenrui.

BUSINESS

- (2) According to the land grant contract, no less than 5.0% of the planned residential GFA (equivalent to 40 residential units in aggregate of approximately 2,730 sq.m.) were designated to the local government for free as public rental houses upon completion. As we will not be entitled to such 2,730 sq.m., such area has been excluded from the residential GFA as well as total saleable/leasable GFA under development. During the Track Record Period, we have not recorded any sales attributable to such social welfare houses. We are not responsible for any relocation and resettlement operations in connection with this project.

31. Jiangnan Taoyuan (江南桃源)



Jiangnan Taoyuan (江南桃源) is a residential project located in Wuxing district, Huzhou city, Zhejiang. Developments in the vicinity comprise mainly residential developments and in close proximity to an international school. The project occupies a total site area of 73,237 sq.m. and comprises of townhouses, high-rise residential units, mid-rise residential units, multi-storey apartments, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 163,228 sq.m.

We commenced the pre-sale for this project in March 2019.

We entered into the relevant land grant contract on January 8, 2018 and had paid the land premium of RMB238.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

Residential	Retail	GFA		Total
		Ancillary Areas and others (in sq.m.)	Carpark	
122,673	–	1,830	38,725	163,228
Interest attributable to our Group				25% ⁽¹⁾
Construction period				
Actual commencement date				November 2018
Estimated completion date				July 2021
Total saleable/leasable GFA under development.....				161,398 sq.m.
Total saleable/leasable GFA under development and pre-sold.....				64,424 sq.m.
Percentage of total saleable/leasable GFA sold				39.9%

Note:

- (1) The project company of Jiangnan Taoyuan is Kangshan Property. Under the cooperation arrangement among the shareholders of Kangshan Property, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Kangshan Property. Accordingly, Kangshan Property was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war) or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Kangshan Property.

BUSINESS

32. Zha Xi Taoyuan (霁溪桃源)



Zha Xi Taoyuan (霁溪桃源) is a residential project located in Wuxing district, Huzhou city, Zhejiang. Developments in the vicinity comprise mainly residential developments and in close proximity to High Speed Railway station, international school and scenery park. The project occupies a total site area of 176,013 sq.m. and comprises of mid-rise residential units, multi-storey apartments, townhouses, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 334,726 sq.m.

We commenced the pre-sale for this project in October 2018.

We entered into the relevant land grant contract on March 21, 2018 and had paid the land premium of RMB476.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
228,817	–	–	105,909	334,726
Interest attributable to our Group				25% ⁽¹⁾
Construction period				
Actual commencement date				September 2018
Estimated completion date				April 2022
Total saleable/leasable GFA under development				334,726 sq.m.
Total saleable/leasable GFA under development and pre-sold				28,967 sq.m.
Percentage of total saleable/leasable GFA pre-sold				8.7%

Note:

- (1) The project company of Zha Xi Taoyuan is Kangshan Realty. Under the cooperation arrangement among the shareholders of Kangshan Realty, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Kangshan Realty. Accordingly, Kangshan Realty was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war) or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Kangshan Realty.

BUSINESS

33. *Ganglong – Bo Yue Fu (港龍 • 鉞樾府)*

Ganglong – Bo Yue Fu (港龍 • 鉞樾府) is a residential project located in Shangyu district, Shaoxing city, Zhejiang. Developments in the vicinity comprise mainly residential developments and in close proximity to schools, government offices and shopping mall. The project occupies a total site area of 80,568 sq.m. and comprises of high-rise residential units, retail units, townhouses and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 129,511 sq.m.

We commenced the pre-sale for this project in December 2019.

We entered into the relevant land grant contract on June 17, 2019 and had paid the land premium of RMB925.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
76,211	5,000	10,778	37,522	129,511

Interest attributable to our Group	70%
Construction period	
Actual commencement date	September 2019
Estimated completion date	June 2021
Total saleable/leasable GFA under development	118,733 sq.m.
Total saleable/leasable GFA under development and pre-sold	34,231 sq.m.
Percentage of total saleable/leasable GFA pre-sold	28.8%

34. *Jun Wang Mei Ting (君望美庭)*



Jun Wang Mei Ting (君望美庭) is a residential project located in Shaoxing City, Zhejiang. Developments in the vicinity comprise mainly residential developments and in close proximity to shopping malls and supermarkets. The project occupies a total site area of 92,923 sq.m. and comprises of high-rise residential units, and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 275,881 sq.m.

We commenced the pre-sale for this project in April 2020.

We entered into the relevant land grant contract on September 6, 2019 and had paid the land premium of RMB1,269.4 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

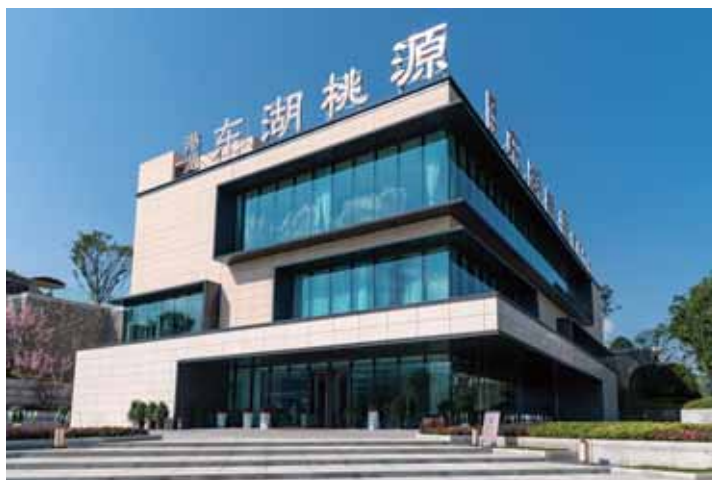
GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
200,502	5,000	70,379	–	275,881
Interest attributable to our Group.				50%
Construction period				
Actual commencement date.....				December 2019
Estimated completion date.....				May 2023
Total saleable/leasable GFA under development.				205,502 sq.m.
Total saleable/leasable GFA under development and pre-sold.....				nil
Percentage of total saleable/leasable GFA pre-sold.....				nil

Note:

- (1) *The project company of Jun Wang Mei Ting is Shaoxing Gangtong. Under the cooperation arrangement among the shareholders of Shaoxing Gangtong, our Group is entitled to exercise majority of the voting rights at the shareholders' meeting and control the decisions of the board of Shaoxing Gangtong. Accordingly, Shaoxing Gangtong was accounted for and consolidated in the audited accounts of our Company and considered as a subsidiary of our Company. The cooperation arrangement, along with the aforesaid controls at the shareholders' meetings and in the board's decisions, could be terminated upon the occurrence of certain prescribed circumstances, such as force majeure events (e.g. fire, earthquake, flooding or war), achievement of the agreed percentage of GFA sold, completion and delivery of development project or by mutual agreement. The profit sharing and capital commitment were determined based on the equity shareholding of Shaoxing Gangtong.*

Guizhou

35. Ganglong – Park Mansion (港龍 • 東湖桃源)



Ganglong – Park Mansion (港龍 • 東湖桃源) is a residential project located in Wetland Park district, Panzhou city, Guizhou. Developments in the vicinity comprise mainly residential developments and in close proximity to parks, sport center, schools and hospitals. The project occupies a total site area of 116,101 sq.m., and comprises of townhouses and high-rise residential units. The project contains two phases. As of the Valuation Date, phase I and phase II were under development, and which upon completion of all phases, the expected aggregated GFA is 141,012 sq.m.

We entered into the relevant land grant contract on September 28, 2018 and had paid the land premium of RMB175.3 million in full for the entire project as of the Valuation Date.

BUSINESS

For details of each phase of this project as of the Valuation Date, see below:

Status	Total GFA/ Estimated Total GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Pre-sale Date	Actual Construction Commencement Date	Actual / Estimated Completion Date
Phase I . . . Under development	43,036	27,811	December 2018	December 2018	December 2020
Phase II . . . Under development	97,976	37,094	December 2019	June 2019	May 2022
Total	<u>141,012</u>	<u>64,905</u>			

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
108,533	–	32,479	–	141,012

Interest attributable to our Group	100%
Construction period	
Actual commencement date	December 2018
Estimated completion date	May 2022
Total saleable/leasable GFA under development	108,533 sq.m.
Total saleable/leasable GFA under development and pre-sold	64,905 sq.m.
Percentage of total saleable/leasable GFA pre-sold	59.8%

B. Property Project Developed by Our Joint Ventures

Jiangsu

36. Rongjin Mansion (融錦別院)

Rongjin Mansion (融錦別院) is a residential project located in Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 27,767 sq.m. and comprises of high-rise residential units. As of the Valuation Date, the project has an aggregated GFA of 52,508 sq.m.

We obtained the completion certificate of this project in October 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on November 27, 2017 and had paid the land premium of RMB112.1 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
37,795 ⁽¹⁾	–	14,713	–	52,508

Interest attributable to our Group	25%
Construction period	
Actual commencement date	March 2018
Actual completion date	September 2019
Total saleable/leasable GFA completed	37,795 sq.m. ⁽¹⁾
Total saleable/leasable GFA completed and sold	37,795 sq.m.
Percentage of total saleable/leasable GFA sold	100.0%

Note:

- (1) Including not fewer than 30 units of commodity houses with an aggregate area of 3,900 sq.m. to be repurchased by parties designated by the People's government of Zhitang Town, Changshu City (常熟市支塘镇人民政府), which may include affected residents for resettlement purposes, at the price of RMB5,800.0 per sq.m. provided under the government repurchase agreement that we entered into with the governmental entity. We are not responsible for any relocation and resettlement operations in connection with this project.

37. Shine Time (璀璨瀾庭)

Shine Time (璀璨瀾庭) is a residential project located at the city center of Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and government offices. The project occupies a total site area of 56,936 sq.m. and comprises of high-rise residential units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 180,870 sq.m.

We commenced the pre-sale for this project in April 2019.

We entered into the relevant land grant contract on July 20, 2018 and had paid the land premium of RMB1,085.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
109,797	–	71,073	–	180,870

Interest attributable to our Group	50%
Construction period	
Actual commencement date	January 2019
Estimated completion date	September 2021
Total saleable/leasable GFA under development	109,797 sq.m.
Total saleable/leasable GFA under development and pre-sold	39,564 sq.m.
Percentage of total saleable/leasable GFA pre-sold	36.0%

BUSINESS

38. *The Asia Mansion* (紫譽華庭)

The Asia Mansion (紫譽華庭) is a residential project located in Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments and vacant land. The project occupies a total site area of 65,378 sq.m. and comprises of high-rise residential units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 196,732 sq.m.

We commenced the pre-sale for this project in December 2018.

We entered into the relevant land grant contract on August 6, 2018 and had paid the land premium of RMB1,245.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
125,777	–	70,955	–	196,732

Interest attributable to our Group	33%
Construction period	
Actual commencement date	October 2018
Estimated completion date	June 2021
Total saleable/leasable GFA under development.....	125,777 sq.m.
Total saleable/leasable GFA under development and pre-sold.....	73,087 sq.m.
Percentage of total saleable/leasable GFA pre-sold	58.1%

39. *Elegant Mansion* (觀棠花園)

Elegant Mansion (觀棠花園) is a residential project located in Wujin district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 31,156 sq.m. and comprises of high-rise residential units, retail units, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 91,789 sq.m.

We obtained completion certificate for this project in May 2020.

We entered into the relevant land grant contract on December 22, 2017 and had paid the land premium of RMB245.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
66,639	627	19,708	4,815	91,789

Interest attributable to our Group	20.21%
Construction period	
Actual commencement date	May 2018
Actual completion date	April 2020
Total saleable/leasable GFA under development.....	72,082 sq.m.
Total saleable/leasable GFA under development and pre-sold.....	71,862 sq.m.
Percentage of total saleable/leasable GFA pre-sold	99.7%

BUSINESS

40. Run Yuan (潤園)

Run Yuan (潤園) is a residential project located in Haimen city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 63,285 sq.m. and comprises of high-rise residential and car parking space. As of the Valuation Date, the project has an aggregate GFA of 196,510 sq.m.

We obtained completion certificate for this project in November 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on January 5, 2017 and had paid the land premium of RMB671.6 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
130,598	–	44,826	21,086	196,510
Interest attributable to our Group				30%
Construction period				
Actual commencement date				July 2017
Actual completion date				November 2019
Total saleable/leasable GFA completed				151,684 sq.m.
Total saleable/leasable GFA completed and sold				151,684 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

41. Metropolis (新都會)

Metropolis (新都會) is a residential project located in Tongzhou district, Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 109,890 sq.m. and comprises of high-rise residential units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 262,803 sq.m.

We commenced the pre-sale for this project in April 2018.

We entered into the relevant land grant contract on October 13, 2017 and had paid the land premium of RMB639.6 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
194,946	–	32,470	35,387	262,803
Interest attributable to our Group				12.5%
Construction period				
Actual commencement date				April 2018
Estimated completion date				September 2020
Total saleable/leasable GFA completed				87,155 sq.m.
Total saleable/leasable GFA completed and sold				87,155 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%
Total saleable/leasable GFA under development				143,178 sq.m.
Total saleable/leasable GFA under development and pre-sold				106,659 sq.m.
Percentage of total saleable/leasable GFA pre-sold				75.0%

BUSINESS

42. *Starry Bay* (麗景灣)

Starry Bay (麗景灣) is a residential project located in Tongzhou district, Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 55,868 sq.m. and comprises of high-rise residential, retail units and car parking space. As of the Valuation Date, the project has an aggregated GFA of 114,289 sq.m.

We obtained the completion certificate for this project in September 2019.

We entered into the relevant land grant contract on November 29, 2017 and had paid the land premium of RMB176.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
81,797	752	13,264	18,477	114,289
Interest attributable to our Group				33%
Construction period				
Actual commencement date				April 2018
Actual completion date				September 2019
Total saleable/leasable GFA completed				101,025 sq.m.
Total saleable/leasable GFA completed and sold				100,708 sq.m.
Percentage of total saleable/leasable GFA sold				99.7%

43. *Yunyue Heshan* (雲樾河山)

Yunyue Heshan (雲樾河山) is a residential project located in Tongzhou district, Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 66,710 sq.m and comprises of high-rise residential units, townhouses, and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 150,605 sq.m.

We commenced the pre-sale for this project in May 2018.

We entered into the relevant land grant contract on November 29, 2017 and had paid the land premium of RMB354.2 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
98,942	–	24,996	26,667	150,605
Interest attributable to our Group				20%
Construction period				
Actual commencement date				May 2018
Estimated completion date				June 2020
Total saleable/leasable GFA under development				125,609 sq.m.
Total saleable/leasable GFA under development and pre-sold				114,623 sq.m.
Percentage of total saleable/leasable GFA pre-sold				91.3%

BUSINESS

44. *Majestic Mansion (御園)*

Majestic Mansion (御園) is a residential project located in Taixing city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 125,306 sq.m. and comprises of high-rise residential units, townhouses and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 302,720 sq.m.

We commenced the pre-sale of this project in February 2018.

We entered into the relevant land grant contract on July 7, 2017 and had paid the land premium of RMB838.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
209,308	3,968	48,332	41,112	302,720

Interest attributable to our Group	33%
Construction period	
Actual commencement date	January 2018
Estimated completion date	December 2020
Total saleable/leasable GFA completed	189,733 sq.m.
Total saleable/leasable GFA completed and sold	148,488 sq.m.
Percentage of total saleable/leasable GFA sold	78.3%
Total saleable/leasable GFA under development	64,655 sq.m.
Total saleable/leasable GFA under development and pre-sold	14,742 sq.m.
Percentage of total saleable/leasable GFA pre-sold	22.8%

45. *Lakeside Mansion (湖悦天境)*

Lakeside Mansion (湖悦天境) is a residential project located in Yixing city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 62,563 sq.m, and comprises of high-rise residential units, retail units, and car parking space. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 205,353 sq.m.

We commenced the pre-sale for this project in July 2018.

We entered into the relevant land grant contract on November 29, 2017 and had paid the land premium of RMB484.6 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
144,754	5,060	3,613	51,926	205,353

Interest attributable to our Group	20%
Construction period	
Actual commencement date	June 2018
Estimated completion date	March 2021
Total saleable/leasable GFA under development	201,740 sq.m.
Total saleable/leasable GFA under development and pre-sold	158,899 sq.m.
Percentage of total saleable/leasable GFA pre-sold	78.8%

46. *Original River City* (江城源著)

Original River City (江城源著) is a residential project located in Zhangjiagang city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 69,982 sq.m. and comprises of townhouses, high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 122,252 sq.m.

We obtained the completion certificate for this project in January 2020.

We entered into the relevant land grant contract on July 25, 2017 and had paid the land premium of RMB399.4 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
82,316	367	13,970	25,600	122,252

Interest attributable to our Group	13.5%
Construction period	
Actual commencement date	January 2018
Actual completion date	January 2020
Total saleable/leasable GFA completed	108,283 sq.m.
Total saleable/leasable GFA completed and sold	105,538 sq.m.
Percentage of total saleable/leasable GFA sold	97.5%

47. *Eastern Mansion* (太湖天萃)

Eastern Mansion (太湖天萃) is a residential project located in Wuxing district, Huzhou city, Zhejiang. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 57,734 sq.m. and comprises of high-rise residential units, townhouses and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 137,995 sq.m.

We commenced the pre-sale for this project in July 2018.

We entered into the relevant land grant contract on September 29, 2017 and had paid the land premium of RMB307.0 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
96,615 ⁽¹⁾	–	20,353	21,027	137,995

Interest attributable to our Group	60%
Construction period	
Actual commencement date	April 2018
Estimated completion date	September 2020
Total saleable/leasable GFA under development	117,642 sq.m. ⁽¹⁾
Total saleable/leasable GFA under development and pre-sold	110,673 sq.m.
Percentage of total saleable/leasable GFA pre-sold	94.1%

Note:

(1) Including 332 units of resettlement houses with an aggregate area of 38,587 sq.m. reserved for resettlement purposes by the Huzhou Taihu Tourist Zone Administrative Committee (湖州太湖旅遊度假區管理委員會), to be repurchased by Huzhou Taihu Tourist Zone Housing Demolition and Relocation Offices (湖州太湖旅遊度假區拆遷事務所) at the price of RMB9,321.6 per sq.m. provided under the relevant commodity housing resettlement cooperation agreements that we entered into with the relevant government entities. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

48. Fontainebleau (楓丹壹號)

Fontainebleau (楓丹壹號) is a residential project located in Wuxing district, Huzhou city, Zhejiang. Developments in the vicinity comprises mainly residential developments. The project occupies a total site area of 62,812 sq.m., and comprises of multi-storey apartments, townhouses and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 112,189 sq.m.

We commenced the pre-sale for this project in April 2019.

We entered into the relevant land grant contract on June 29, 2018 and had paid the land premium of RMB487.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
63,749	–	38,924	9,517	112,189

Interest attributable to our Group	49%
Construction period	
Actual commencement date	November 2018
Estimated completion date	October 2020
Total saleable/leasable GFA under development	73,266 sq.m.
Total saleable/leasable GFA under development and pre-sold	41,611 sq.m.
Percentage of total saleable/leasable GFA pre-sold	56.8%

BUSINESS

49. Taihu Mansion (太湖天地)

Taihu Mansion (太湖天地) is a residential project located in Wuxing district, Huzhou city, Zhejiang. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 83,612 sq.m. and comprises of townhouses, high-rise residential units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 162,226 sq.m.

We obtained the completion certificate for this project in January 2020.

We entered into the relevant land grant contract on March 8, 2017 and had paid the land premium of RMB461.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
106,464	–	41,492	14,270	162,226
Interest attributable to our Group				49%
Construction period				
Actual commencement date				September 2017
Actual completion date				December 2019
Total saleable/leasable GFA completed				120,733 sq.m.
Total saleable/leasable GFA completed and sold				117,876 sq.m.
Percentage of total saleable/leasable GFA sold				97.6%

50. Bin Hai Xuan (濱海軒)

Bin Hai Xuan (濱海軒) is a residential project located in Wuyuan district, Jiaxing city, Zhejiang. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 69,531 sq.m., and comprises of high-rise residential units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 186,305 sq.m.

We obtained the completion certificate of this project in August 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on July 28, 2017 and had paid the land premium of RMB779.1 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
137,891	–	16,199	32,214	186,305
Interest attributable to our Group				33.3%
Construction period				
Actual commencement date				February 2018
Actual completion date				August 2019
Total saleable/leasable GFA completed				170,106 sq.m.
Total saleable/leasable GFA completed and sold				170,106 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

BUSINESS

C. Property Project Developed by Our Associated Companies

Jiangsu

51. Brigitte (碧虞瓏庭)

Brigitte (碧虞瓏庭) is a residential project located in Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 18,368 sq.m. and comprises of high-rise residential units. As of the Valuation Date, the project has an aggregated GFA of 37,856 sq.m.

We obtained the completion certificate for this project in August 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on October 20, 2017 and had paid the land premium of RMB327.6 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
25,705	–	12,152	–	37,856

Interest attributable to our Group	25%
Construction period	
Actual commencement date	February 2018
Actual completion date	August 2019
Total saleable/leasable GFA completed	25,705 sq.m.
Total saleable/leasable GFA completed and sold	25,705 sq.m.
Percentage of total saleable/leasable GFA sold	100.0%

52. Brown Stone Life (褐石源築)

Brown Stone Life (褐石源築) is a residential project located in Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 53,530 sq.m. and comprises of high-rise residential units and townhouses. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 99,706 sq.m.

We commenced the pre-sale for this project in October 2018.

We entered into the relevant land grant contract on November 24, 2017 and had paid the land premium of RMB836.5 million in full for the entire project as of the Valuation Date.

BUSINESS

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
66,182	–	33,524	–	99,706
Interest attributable to our Group				25%
Construction period				
Actual commencement date				April 2018
Estimated completion date				December 2020
Total saleable/leasable GFA under development				66,182 sq.m.
Total saleable/leasable GFA under development and pre-sold				28,700 sq.m.
Percentage of total saleable/leasable GFA pre-sold				43.4%

53. Country Garden – Lingyu (碧桂園 • 領譽)

Country Garden – Lingyu (碧桂園 • 領譽) is a residential project located in Changshu city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 59,040 sq.m. and comprises of a clubhouse, high-rise residential units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 168,899 sq.m.

We entered into the relevant land grant contract on September 10, 2015 and had paid the land premium of RMB275.1 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in March 2018. As of the Valuation Date, the entire project has been fully sold and delivered.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
125,298 ⁽¹⁾	–	18,830	24,770	168,899
Interest attributable to our Group				40%
Construction period				
Actual commencement date				December 2015
Actual completion date				January 2018
Total saleable/leasable GFA completed				150,068 sq.m. ⁽¹⁾
Total saleable/leasable GFA completed and sold				150,068 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

Note:

(1) Including 284 units of resettlement houses with an aggregate area of 33,243 sq.m. reserved for resettlement purposes by the Changshu City Yushan Town Urban Rural Integration Development Company Limited (常熟市虞山鎮城鎮一體化建設有限公司), to be repurchased by Changshu City Mocheng Development Construction Company Limited (常熟市莫城開發建設有限公司) at RMB7,200.0 per sq.m. provided under the relevant commodity housing resettlement cooperation agreements that we entered into with the relevant government entities. We are not responsible for any relocation and resettlement operations in connection with this project or such affected residents.

BUSINESS

54. Peony Sanjiang Park (牡丹三江公園)

Peony Sanjiang Park (牡丹三江公園) is a residential project located in Xinbei district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 135,330 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 392,229 sq.m.

We commenced the pre-sale for this project in July 2018.

We entered into the relevant land grant contract on November 15, 2017 and had paid the land premium of RMB1,590.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
267,250	13,914	10,544	100,521	392,229

Interest attributable to our Group	24.5%
Construction period	
Actual commencement date	June 2018
Estimated completion date	September 2021
Total saleable/leasable GFA under development	381,685 sq.m.
Total saleable/leasable GFA under development and pre-sold	247,458 sq.m.
Percentage of total saleable/leasable GFA pre-sold	64.8%

55. Tianning Rong Yue Fu (天寧融悅府)

Tianning Rong Yue Fu (天寧融悅府) is a residential project located in Tianning district, Changzhou city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 53,936 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 160,842 sq.m.

We commenced the pre-sale for this project in October 2019.

We entered into the relevant land grant contract on May 7, 2019 and had paid the land premium of RMB645.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

Planned GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
115,011	1,185	3,522	41,124	160,842

Interest attributable to our Group	30%
Construction period	
Actual commencement date	August 2019
Estimated completion date	August 2021
Total saleable/leasable GFA under development	157,320 sq.m.
Total saleable/leasable GFA under development and pre-sold	42,865 sq.m.
Percentage of total saleable/leasable GFA pre-sold	27.2%

BUSINESS

56. *Romantic Bay* (漫悦灣)

Romantic Bay (漫悦灣) is a residential project located in Haimen city, Jiangsu. Developments in the vicinity comprise mainly residential and commercial developments. The project occupies a total site area of 52,569 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 138,581 sq.m.

We obtained the completion certificate for this project in November 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on December 2, 2016 and had paid the land premium of RMB374.2 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
99,473	3,157	18,462	17,489	138,581

Interest attributable to our Group	30%
Construction period	
Actual commencement date	April 2017
Actual completion date..	November 2019
Total saleable/leasable GFA completed	120,119 sq.m
Total saleable/leasable GFA completed and sold	120,119 sq.m
Percentage of total saleable/leasable GFA sold	100.0%

57. *Leiden Town* (萊頓小鎮)

Leiden Town (萊頓小鎮) is a residential project located in Jiangyin city, Jiangsu. Developments in the vicinity comprise mainly residential and commercial developments. The project occupies a total site area of 203,609 sq.m., and comprises of high-rise residential units, townhouses and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 451,231 sq.m.

We commenced the pre-sale for this project in September 2018.

We entered into the relevant land grant contract on June 30, 2017 and had paid the land premium of RMB467.4 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
315,795	3,968	131,469	–	451,231

Interest attributable to our Group	15%
Construction period	
Actual commencement date	June 2018
Estimated completion date	March 2022
Total saleable/leasable GFA under development	319,762 sq.m.
Total saleable/leasable GFA under development and pre-sold	212,163 sq.m.
Percentage of total saleable/leasable GFA pre-sold	66.4%

BUSINESS

58. *Feng Huang Yuan Zhu* (鳳凰源著)

Feng Huang Yuan Zhu (鳳凰源著) is a residential project located in High-tech Industrial Development Zone, Lianyungang city, Jiangsu. Developments in the vicinity comprise mainly residential developments and government office. The project occupies a total site area of 56,593 sq.m. and comprises of high-rise residential units and retail units. As of the Valuation Date, the project was under development and is expected, upon completion, to have an aggregated GFA of 144,115 sq.m.

We commenced the pre-sale for this project in September 2018.

We entered into the relevant land grant contract on February 12, 2018 and had paid the land premium of RMB719.5 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
106,977	4,392	32,746	–	144,115

Interest attributable to our Group	20%
Construction period	
Actual commencement date	May 2018
Estimated completion date	September 2021
Total saleable/leasable GFA under development.....	111,369 sq.m.
Total saleable/leasable GFA under development and pre-sold.....	103,690 sq.m.
Percentage of total saleable/leasable GFA pre-sold.....	93.1%

59. *Country Garden – Fei Cui Hua Fu* (碧桂園 • 翡翠華府)

Country Garden – Fei Cui Hua Fu (碧桂園 • 翡翠華府) is a residential project located in Chongchuan district, Nantong city, Jiangsu. Developments in the vicinity comprise mainly residential developments and shopping malls. The project occupies a total site area of 71,284 sq.m., and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 152,541 sq.m.

We entered into the relevant land grant contract on June 21, 2016 and had paid the land premium of RMB467.6 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in March 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
		(in sq.m.)		
107,397	1,877	22,205	21,062	152,541

Interest attributable to our Group	15%
Construction period	
Actual commencement date	December 2016
Actual completion date.....	March 2019
Total saleable/leasable GFA completed	130,336 sq.m.
Total saleable/leasable GFA completed and sold	130,336 sq.m.
Percentage of total saleable/leasable GFA sold	100.0%

BUSINESS

60. Imperial Garden (頤和樾園)

Imperial Garden (頤和樾園) is a residential project located in Rucheng district, Rugao city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 43,601 sq.m and comprises of high-rise residential units, retail units, townhouses and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 130,714 sq.m.

We obtained the completion certificate for this project in March 2020.

We entered into the relevant land grant contract on November 17, 2017 and had paid the land premium of RMB352.7 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
85,468	657	25,388	19,200	130,714

Interest attributable to our Group	30%
Construction period	
Actual commencement date	March 2018
Actual completion date	February 2020
Total saleable/leasable GFA completed	105,325 sq.m.
Total saleable/leasable GFA completed and sold	101,956 sq.m.
Percentage of total saleable/leasable GFA sold	96.8%

61. Jun Yue Fu (琚悦府)

Jun Yue Fu (琚悦府) is a residential project located in Tinghu Economic Development district, Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments and shopping malls. The project occupies a total site area of 99,553 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 206,347 sq.m.

We entered into the relevant land grant contract on February 14, 2017 and had paid the land premium of RMB463.9 million in full for the entire project as of the Valuation Date.

We obtained the completion certificate of this project in July 2019.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others	Carpark	Total
(in sq.m.)				
153,472	5,639	19,083	28,153	206,347

Interest attributable to our Group	20%
Construction period	
Actual commencement date	June 2017
Actual completion date	July 2019
Total saleable/leasable GFA completed	187,264 sq.m.
Total saleable/leasable GFA completed and sold	174,500 sq.m.
Percentage of total saleable/leasable GFA sold	93.2%

BUSINESS

62. Long Ting Hua Fu (瓏庭華府)

Long Ting Hua Fu (瓏庭華府) is a residential project located in Chengnan New district, Yancheng city, Jiangsu. Developments in the vicinity comprise mainly residential developments. The project occupies a total site area of 40,364 sq.m., and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 107,376 sq.m.

We obtained the completion certificate for this project in November 2019.

We entered into the relevant land grant contract on December 20, 2016 and had paid the land premium of RMB198.0 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
73,348	2,198	16,518	15,312	107,376

Interest attributable to our Group	30%
Construction period	
Actual commencement date	June 2017
Actual completion date	November 2019
Total saleable/leasable GFA completed	94,775 sq.m.
Total saleable/leasable GFA completed and sold	94,655 sq.m.
Percentage of total saleable/leasable GFA sold	99.9%

63. Country Garden – Bi Jing Ming Di (碧桂園 • 碧景名邸)

Country Garden – Bi Jing Ming Di (碧桂園 • 碧景名邸) is a residential project located in Zhangjiagang city, Jiangsu. Developments in the vicinity comprise mainly residential developments and shopping malls. The project occupies a total site area of 52,049 sq.m., and comprises of residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregated GFA of 136,617 sq.m..

We obtained the completion certificate of this project in January 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on July 25, 2016 and had paid the land premium of RMB546.5 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
102,062	3,806	22,579	8,170	136,617

Interest attributable to our Group	15%
Construction period	
Actual commencement date	September 2016
Actual completion date	November 2018
Total saleable/leasable GFA completed	114,038 sq.m.
Total saleable/leasable GFA completed and sold	114,038 sq.m.
Percentage of total saleable/leasable GFA sold	100.0%

BUSINESS

64. Country Garden – Feng Huang Tai (碧桂園 • 鳳凰台)

Country Garden – Feng Huang Tai (碧桂園 • 鳳凰台) is a residential project located in Zhangjiagang city, Jiangsu. Developments in the vicinity comprise mainly residential and commercial developments. The project occupies a total site area of 92,115 sq.m. and comprises of high-rise residential units, retail units and car parking spaces. As of the Valuation Date, the project has an aggregate GFA of 231,214 sq.m..

We obtained the completion certificate of this project in July 2019. As of the Valuation Date, the entire project has been fully sold and delivered.

We entered into the relevant land grant contract on December 15, 2016 and had paid the land premium of RMB1,000.4 million in full for the entire project as of the Valuation Date.

Below are details of this project as of the Valuation Date:

GFA				
Residential	Retail	Ancillary Areas and others (in sq.m.)	Carpark	Total
172,969	6,258	37,888	14,098	231,214
Interest attributable to our Group				20%
Construction period				
Actual commencement date				March 2017
Actual completion date				June 2019
Total saleable/leasable GFA completed				193,325 sq.m.
Total saleable/leasable GFA completed and sold				193,325 sq.m.
Percentage of total saleable/leasable GFA sold				100.0%

OUR BUSINESS MODEL AND COOPERATION WITH THIRD-PARTY BUSINESS PARTNERS

Our business operation focuses on property development and sales. As mentioned in “Our strategies” above, we aim to (i) focus on the Yangtze River Delta Region and strategically expand in other new markets outside of the region such as Anhui, Shandong, Sichuan provinces and Chongqing city and (ii) continue to adopt our diversified land acquisition strategy to enrich our land reserves. To facilitate our business expansion, diversify our business risks and maintain flexibility, in addition to the development of our property projects through our wholly-owned subsidiaries, since 2015, we have been acquainted with sizeable and reputable business partners through enterprise associations and industry events, and started cooperating with third-party business partners with resources and/or local expertise in project development, such as Sunac China Holdings Limited, Country Garden Holdings Company Limited, Redsun Properties Limited, through jointly developed projects, including our non-wholly-owned subsidiaries, joint ventures and associated companies depending on the relevant circumstance of the projects. Our Directors consider that such cooperation arrangement and joint expansion strategy is common in the industry.

The classification of our project company as a subsidiary, a joint venture or an associated company is based on whether our Group has control, joint control or significant influence over the project company, including our representation on its chief decision making authorities, such as board of directors’ meetings and shareholders’ meeting, as well as other facts and circumstances. For further details, please refer to notes 2.2 and 4(b) of the Accountant’s Report in Appendix I to this prospectus.

BUSINESS

The table below sets out the number of property projects developed by our non-wholly-owned subsidiaries, joint ventures, associated companies and wholly-owned subsidiaries, respectively as of the dates indicated:

	Number of property projects developed			% of Total Land Reserve Attributable to our Group as of the Valuation Date
	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019	
Non-wholly-owned subsidiaries	–	7	20	66.8%
Joint ventures.....	13	15	15	9.4%
Associated companies.....	11	13	14	5.5%
Sub-total	24	35	49	81.7%
Wholly-owned subsidiaries	9	13	13	18.3%
Total	33	48	62	100.0%

Out of all of our 49 jointly developed projects, 20 of those developed by our non-wholly-owned subsidiaries, 9 of those developed by our joint ventures and 7 of those developed by our associated companies had accumulated losses as of the end of the Track Record Period. Save as to one project that had been fully sold and delivered and had an accumulated losses attributable to owners of our Company of approximately RMB60,500, such other jointly developed projects had accumulated losses mainly because they were still in development stage and had not yet generated any revenue as of the end of the Track Record Period.

For further information of our property projects as of the Valuation Date, please refer to “Our project portfolio — Portfolio of our property development projects” above. For the relevant accounting treatment of our investment in a subsidiary, a joint venture or an associate, please refer to “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — Share of results of joint ventures and associates” in this prospectus.

We assess the level of involvement and cooperation with third-party business partners in our project companies on a case-by-case basis. Typically, our involvement at different stages of project development and sales process in each of such project companies would commensurate with the proportion of our equity interests or investment in the project company and subject to the negotiated terms and conditions with the third-party business partners. In each of such project companies, our cooperation arrangement with the third-party business partners usually specifies our roles in the day-to-day management of the project company, the primary responsible party of the project company, the scope of our provision of management and consulting services, which mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects, and our profit and loss sharing arrangement. Typically, our profit and loss sharing arrangement is determined based on our equity holding in the project company and our management and consulting service income from the relevant project company is determined based on the type of services we provide, our involvement in the project, the total contracted sales of the project and our equity holding in the relevant project company, whereas our management and consulting service fee to the relevant third-party business partner is determined based on the type of relevant services that our relevant non-wholly-owned subsidiary receives, the involvement of such third-party business partner in the project, the total contracted sales of the project and the equity holding of such third-party business partner in the relevant project company.

BUSINESS

For further information of our third-party business partners, please refer to “History, Reorganization and Group Structure — Our corporate development” in this prospectus and “Statutory and General Information — A. Further information about our Company — 3. Particulars of our subsidiaries and jointly controlled entities” in Appendix V to this prospectus.

The following table set out the profiles and relevant project information of our top three third-party business partners as of the dates indicated:

Relevant holding company of the third-party business partner	Ranking (number of projects) as of ⁽¹⁾			Projects involved during the Track Record Period	Profile of relevant holding company of the third-party business partner
	December 31, 2017	December 31, 2018	December 31, 2019		
Country Garden Holdings Company Limited (2007.HK)	First (17)	First (18)	First (18)	Country Garden Lingyu (碧桂園•領譽), Country Garden Fei Cui Hua Fu (碧桂園•翡翠華府), Country Garden Bi Jing Ming Di (碧桂園•碧景名邸), Country Garden Feng Huang Tai (碧桂園•鳳凰台), Long Ting Hua Fu (瓏庭華府), Jun Yue Fu (瑤悅府), Leiden Town (萊頓小鎮), Brigitte (碧嵐瓏庭), Imperial Garden (頤和樾園), Brown Stone Life (褐石源築), Feng Huang Yuan Zhu (鳳凰源著), Run Yuan (潤園), Bin Hai Xuan (濱海軒), Original River City (江城源著), Metropolis (新都會), Lakeside Mansion (湖悅天境), Rongjin Mansion (融錦別院), Yunyue Heshan (雲樾河山)	A PRC property developer based in Guangdong and listed in Hong Kong with a market capitalization of HK\$219.2 billion ⁽³⁾
Jiangsu Zhongnan Construction Group Co., Ltd. (000961.SZ)	— ⁽²⁾	— ⁽²⁾	Second (8)	Country Garden Fei Cui Hua Fu (碧桂園•翡翠華府), Romantic Bay (漫悅灣), Run Yuan (潤園), Hanlin Capital (翰林首府), Chen Yuan (晨園), Xi Yue (熙悅), Taoyuan Li (桃源里), Chun Xi Ji (春溪集)	A PRC property developer listed in Shenzhen with a market capitalization of RMB32.1 billion ⁽³⁾
Redsun Properties Group Limited (1996.HK)	Second (3)	— ⁽²⁾	— ⁽²⁾	Leiden Town (萊頓小鎮), Original River City (江城源著), Metropolis (新都會), Guan Tang Fu (觀棠府), River of Mansion (時光泊月園)	A PRC property developer listed in Hong Kong with a market capitalization of HK\$8.1 billion ⁽³⁾
Seazen Group Limited (1030.HK)	Second (3)	— ⁽²⁾	— ⁽²⁾	Leiden Town (萊頓小鎮), Original River City (江城源著), Metropolis (新都會)	A PRC property developer listed in Hong Kong with a market capitalization of HK\$45.5 billion ⁽³⁾

BUSINESS

Relevant holding company of the third-party business partner	Ranking (number of projects) as of ⁽¹⁾			Projects involved during the Track Record Period	Profile of relevant holding company of the third-party business partner
	December 31, 2017	December 31, 2018	December 31, 2019		
Sunac China Holdings Limited (1918.HK) . . .	– ⁽²⁾	Second (6)	Third (6)	Majestic Mansion (御園), Sunac Plaza (融創廣場), Unique Summer Mansion (桃源府), Shan Shui Shi Jian (山水拾間), Jiangnan Taoyuan (江南桃源), Zha Xi Taoyuan (雲溪桃源)”	A PRC property developer listed in Hong Kong with a market capitalization of HK\$163.1 billion ⁽³⁾
Black Peony (Group) Co., Ltd. (600510.SH) . . .	– ⁽²⁾	Third (3)	– ⁽²⁾	Peony Sanjiang Park (牡丹三江公園) Fontainebleau (楓丹壹號) Taihu Mansion (太湖天地) Ganglong – Bo Yue Fu (港龍•鉞樾府) Tang Yue Ming Zhu (棠悅名築)	A PRC property developer listed in Shanghai with a market capitalization of RMB8.6 billion ⁽³⁾

Notes:

- (1) The ranking is in terms of: (i) the number of jointly developed projects involved by those third-party business partners under the same group; and (ii) the aggregated paid-in capital of the relevant project companies. Certain projects may involve more than one third-party business partner as the case may be.
- (2) Such third-party business partner was not among the top three third-party business partners as of the relevant dates, as the case may be.
- (3) Being market capitalization of the respective company as of the Latest Practicable Date.

Key terms of cooperation arrangements with our third-party business partners

The terms of our cooperation arrangements with our third-party business partners vary largely depending on arm’s length negotiation, proportion of our equity interests or investment in the project company and the relevant circumstances of the project. The terms of each of the cooperation arrangements were assessed and negotiated with our third-party business partners on an arm’s length and case-by-case basis on fair commercial terms, taking into account various factors such as their reputation, local expertise, capital commitment, human and other resources, sales network and project development experience. The key terms of a typical cooperation arrangement are set out as follows:

Roles and responsibilities:	Shareholders of the project company share responsibilities as to (i) providing capital; (ii) managing the daily operation of the construction development ; and (iii) monitoring project financing and cashflow, depending on the negotiated terms and relevant circumstances of the project.
Capital commitment:	Shareholders of the project company may either pay the registered capital directly or provide cash advance to the project company to finance the underlying development. The registered capital and cash advances will then be used to fund the land costs and development costs. The proportion of such capital commitment is usually determined in accordance with the proportion of shareholding in the project company held by respective party.

BUSINESS

Profit distribution:	The profits of the project company are distributed in proportion to the respective shareholding in the project company held by each shareholder.
Shareholders' meeting:	<p>The power of the shareholders' meeting of a project company is commensurate with the customary power of the shareholders' meeting of a PRC company, including but not limited to:</p> <ul style="list-style-type: none">(i) appointment of directors and determination of the remuneration of directors;(ii) approving the report prepared by the board of directors;(iii) approving the annual budget plan of the project company; and(iv) approving the transfer of shares. <p>There may also be certain reserved matters which require the unanimous consent of shareholders, such as approving the increase and reduction of registered capital, amendments to the articles of association and the amalgamation, dissolve and winding up of the project company.</p>
Board of directors and the board meeting:	<p>The power of the board is commensurate with the customary powers of the board of a PRC company. The board of directors of a project company is typically responsible for matters such as:</p> <ul style="list-style-type: none">(i) managing the operation of the project company; and(ii) approving the financial plans according to the financing needs of the project company.
Appointment of general manager:	Usually the party that is primarily responsible for the development of a property project will be entitled to appoint the general manager of the project company. For property projects with multiple business partners, the cooperation arrangement may specify that each party is responsible for one aspect of the project and that party is entitled to appoint a manager to head up the particular department.
Appointment of financial manager:	Each shareholder of a project company will assign a designated person to the financial department of the project company to participate and monitor its financial management and development costs.
Bank account(s):	Generally, restrictions on the use of funds deposited in the bank account of the project company would be imposed. The use of such funds in the bank account(s) may require the authorisation of designated personnel of the project company.

BUSINESS

Custody of the official seal and chops:

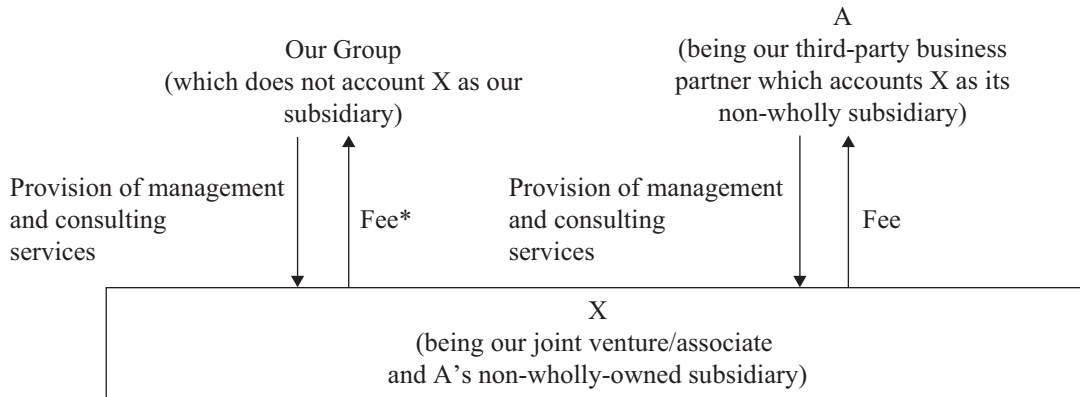
The official seal and other chops of the project company may be under the custody of the specified person(s), such as the general manager, legal representative or finance manager of the project company.

Liability:

Parties in breach of the cooperation arrangement are liable to pay a certain amount of penalty, which may be of a specified amount or a certain percentage of the outstanding amount of registered capital or cash advance that the defaulting party is responsible to pay.

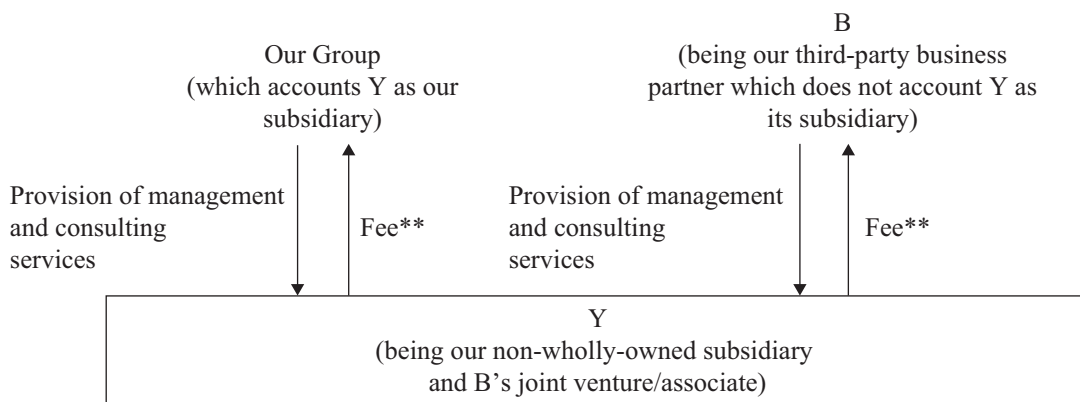
During the Track Record Period, we and certain of our third-party business partners provided management and consulting services to certain of our jointly-developed projects under our joint ventures, associated companies or our non-wholly-owned subsidiaries. These services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects. We receive management and consulting service income when we provide management and consulting services to our joint ventures and associates, whereas we pay management and consulting service fee when such third-party business partners provide services to our non-wholly-owned subsidiaries. The following diagrams illustrate the relationship and arrangements in respect of (i) our management and consulting service income; and (ii) our management and consulting service fee:

(i) *Our management and consulting service income*



* As X is not our subsidiary, such fee payable by X is accounted for as our management and consulting service income from X to our Group.

(ii) *Our management and consulting service fee*



** As Y is our subsidiary, such fee payable by Y to B is consolidated in our Group's financial statements as our management and consulting service fee; fee payable from Y to our Group are intra-group transaction which have been eliminated in full in the consolidated financial statements of our Group.

BUSINESS

For further details of our management and consulting services, please refer to “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — Other income” and “Financial Information — Description of certain major components of our consolidated statements of comprehensive income — General and administrative expenses” in this prospectus.

In terms of our business performance, the involvement of third-party business partners allows us to (i) leverage their local network so as to obtain land at a more competitive price and expand our geographical presence in a more effective manner; (ii) leverage their market intelligence on local markets so as to develop properties that suits local demands and preferences; and (iii) obtain knowledge on local government policies and regulations. In terms of our financial position, our third-party business partners would contribute capital for our jointly developed projects, which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allow us to take part in more property development projects and achieve risk diversification. Since 2015, our land acquisition through cooperation with third-party business partners in our non-wholly owned subsidiaries, joint ventures and associated companies have increased significantly. Generally, we do not expect to record gains from our joint ventures and associated companies until they start to generate revenue by delivering properties they develop. As of December 31, 2017, 2018 and 2019, our investments in joint ventures amounted to RMB155.1 million, RMB372.2 million and RMB520.3 million, respectively. As of the same dates, our investments in associates amounted to RMB54.7 million, RMB341.8 million and RMB583.1 million, respectively. We recorded share of losses of joint ventures and associates for the year ended December 31, 2017 of RMB16.8 million, share of profits of joint ventures and associates for the year ended December 31, 2018 and 2019 of RMB80.1 million and RMB359.4 million, respectively. Please refer to “Our Project Management and Operation — Our project development and sale process — Land acquisition — Acquisition of equity interests or investments in companies that hold land use rights ” below for further information.

During the Track Record Period and up to the Latest Practicable Date, there were no material disputes between our Group and any of our third-party business partners.

Mutual Benefits to us and our Third-party Business Partners

Our Directors believe that such cooperation arrangements are in general mutually beneficial to us and our third-party business partners, in particular:

- Through cooperation with third-party business partners, we are able to leverage our third-party business partners’ local network, market intelligence and knowledge on local government policies and regulations for projects where such third-party business partners have relatively earlier entry, more established local presence, more number of existing projects within the city or province and better local relationship, knowledge and experience; for example, when we first expanded outside of Jiangsu province to Huzhou city, Zhejiang in 2017, we have leveraged on our business partners, such as Sunac China Holdings Limited and Black Peony (Group) Co., Ltd., which at that time had a more established operation there. Similarly, our third-party business partners are able to leverage from us in similar respects for projects in Jiangsu where we have relatively more established local presence, more number of existing projects within the city or province and better local relationship, knowledge and experience; for example, Country Garden started their second project in Changshu through a jointly developed project with us in 2016. Please see “History, Reorganization and Group Structure — Our business development” for further details;
- Our third-party business partners would contribute capital for our jointly developed projects, which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allow us to take part in more property development projects and achieve risk diversification. Similarly, we also would contribute capital for these projects and believe that our third-party business partners would obtain similar benefits from the cooperations; and

BUSINESS

- Our Directors believe that such cooperations have enabled our Group and our third-party business partners to (i) share the capital commitments in connection with land acquisitions and relevant project development activities; and (ii) implement diversified land acquisition strategy whereby we and our partners can participate in more numbers of projects in different locations hence enhance our and their respective market exposures and presence and achieve risk diversification.

As advised by C&W, such cooperations are in line with the industry trend in recent years that a number of major PRC property developers, instead of solely developing a project, have recently been cooperating with a number of third-party developers, such as us, and continued to diversify their list of cooperating partners. During the Track Record Period, for the development of our jointly developed projects, we cooperated with 27, 35 and 45 third-party business partners, respectively. We cooperated with our top third-party business partner in each year during the Track Record Period (the “**Top Business Partner**”) on 17, 18 and 18 property development projects, which represented approximately 52%, 38% and 29% of our total number of property development projects, respectively. We cooperated with our top three third-party business partners in each year during the Track Record Period (the “**Top Three Business Partners**”) on 18, 21 and 29 property development projects in aggregate, which represented approximately 55%, 44% and 47% of our total number of property development projects, respectively. As such, our Directors consider that during and after the Track Record Period, our Group has no reliance on these cooperation arrangements with any of the Top Three Business Partners on the following basis:

- the cooperation arrangements between our Group and each of the Top Three Business Partners are in general mutually beneficial, as with other third-party business partners, for the reasons mentioned above;
- the terms of the cooperation arrangements with the Top Three Business Partners are in general mutually negotiated; and
- during the Track Record Period, the number of our third-party business has steadily increased and the proportion of our projects with the Top Business Partner has steadily decreased; as a result, we have a relatively diversified base of third-party business partners with whom we can cooperate for future jointly developed projects.

Our Directors consider that the risk of discontinuance of our cooperation arrangements with the Top Three Business Partners is remote on the following basis:

- During the Track Record Period and up to the Latest Practicable Date:
 - we have maintained good relationship with the Top Three Business Partners;
 - there was no discontinuance of our cooperation arrangements with any of them;
 - there were no material disputes between our Group and any of them; and
- As of the Latest Practicable Date, majority of the property development projects with the Top Three Business Partners have commenced pre-sales and constructions.

Termination of Cooperation with certain Third-party Business Partners

During the Track Record Period and up to the Latest Practicable Date, we terminated three cooperations with our third-party business partners.

BUSINESS

Termination of a Cooperation in Taizhou City

On July 20, 2017, we entered into a cooperative development agreement with an Independent Third Party property developer (the “**Proposed Partner**”) established in the PRC in respect of a potential co-development of a land parcel in Taizhou City, Jiangsu Province through a project company (the “**Proposed JV**”). The Proposed Partner has a registered capital of RMB100.0 million and its ultimate beneficial owner as of the Latest Practicable Date is a Singaporean businessman. Its principal businesses include property development, business management and provision of property related services. The initial capital and working capital of this Proposed JV were provided exclusively by the Proposed Partner. Since its incorporation, the Proposed JV has secured the land use right of the land parcel in Taizhou City, Jiangsu Province in June 2017. The development of the land parcel into a residential property project commenced in April 2018 and the pre-sales commenced in June 2018 and to the best knowledge of the Directors, such project will commence delivery in August 2020. As provided under the agreement, we are required to make a total investment amount of RMB300.0 million to the Proposed JV by way of cash advance. However, due to administrative restrictions of the local land bureau in Taizhou City as set out in the terms and condition of the bidding and tender documents that only the initial bidder, being the Proposed Partner, was entitled to develop that land parcel such that the proposed transfer of equity interest in the Proposed JV could not be practically executed. Given the then planned cooperation could not be materialized, it has been terminated under mutual agreement on September 9, 2019. Pursuant to such termination arrangement, our investment made was deemed to be a loan or cash advance to the Proposed JV at an interest rate of 9.988% per annum. Before such termination and while exploring the possibilities for achieving the aforesaid proposed transfer of equity interest, we continued to make further cash advance to and receive repayment of cash advance from the Proposed JV for its project development purpose and the outstanding amount of all cash advance together with interest accrued was RMB303.7 million and RMB213.0 million as of December 31, 2017 and 2018, respectively which had been fully settled on September 11, 2019. The reduction of the aforesaid outstanding amount in 2018 was due to the net results of such cash advance and such repayment during the relevant period. Please refer to “Financial Information — Certain items of consolidated statements of financial position — Trade and other receivables and prepayments” in this prospectus for further information. Apart from the aforementioned terminated cooperation, we further entered into two co-development of property projects with the same Independent Third Party property developer, namely (i) Long Chen Ming Zhu (龍宸銘著) in August 2019; and (ii) Hanlin Fu Huayuan (翰林府花園) in November 2019, details of both property projects are set out in “Our property development projects — A. Property projects developed by our subsidiaries” in this section. As project companies for these two projects had been formed and used as the bidders for the relevant land parcels, the cooperations were not affected by similar administrative restriction as mentioned above, and the transfer of equity interest of these two projects were completed in November 2019 and December 2019, respectively. To the best knowledge of our Directors, save as disclosed above, there is no prior or present relationship, whether business, employment, family, financing or otherwise, with the aforementioned Independent Third Party property developer and its subsidiaries, shareholders, directors, senior management, or any of their respective associates.

Such cash advance arrangement from us to the project company involved the lending of money between companies that are not financial institution, which may not be in compliance with the General Lending Provisions (貸款通則) (the “**Provisions**”). However, according to the Provisions of the Supreme People’s Court on 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), borrowing agreements among companies are valid if extended for purpose 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%. As such as based on that (i) we had ceased to provide funds to the project company and the cash advance had been fully settled as of the Latest Practicable Date; (ii) the cash advance arrangement did not constitute any circumstance which will result in a void contract as stipulated in the Contract Law and the Provisions; (iii) the source of the cash advance was from our internal resource and did not involve any third party loans; (iv) the cash advance was used for the daily

BUSINESS

operation of the project company; and (v) making the cash advance to third parties is not our principal business, our PRC Legal Adviser is of the view that the likelihood that we would be subject to the liability of violating the General Lending Provision is remote. Further, our PRC Legal Adviser is of the opinion that the cash advance arrangement described above is valid and binding between us and the project company.

Termination of a Cooperation in Zhangjiagang and Dongyang

On January 20, 2017, we entered into a cooperation memorandum of understanding with an Independent Third Party who was a potential business partner (the “**Potential Partner**”) in respect of a then co-development plan in property projects which did not materialize eventually. Pursuant to the aforesaid memorandum of understanding, a cash advance in the amount of RMB80.0 million made by the Potential Partner to our Group as earnest money for the potential cooperation with our Group which could apply the same as part of the deposit payable to relevant land bureau during the bidding process participated by our Group for potential land. As the biddings of potential land, respectively situated in Zhangjiagang and Dongyang were not successful and no consensus could be reached by our Group and the Potential Partner, the cooperation plan was ceased and the aforementioned cash advance was returned in full by our Group to the Potential Partner pursuant to a termination agreement on August 20, 2019.

Please refer to “Financial Information - Certain items of consolidated statements of financial position — Trade payables, bills payables and other payables - Other payables” for further details.

Termination of a Cooperation in Ruian City

Further, on August 20, 2018, we entered into a cooperative development agreement with Independent Third Party property developers established in the PRC, in respect of a potential acquisition and co-development of a land parcel in Ruian city, Zhejiang province through a project company. As the target land parcel was not granted to the project company in the relevant listing-for-sale process, we and our business partners mutually agreed to terminate the cooperative development agreement in September 2019. As of the date of termination agreement, we and our business partners did not make any investment into such project company. As of the Latest Practicable Date, the project company has been deregistered.

OUR PROJECT MANAGEMENT AND OPERATION

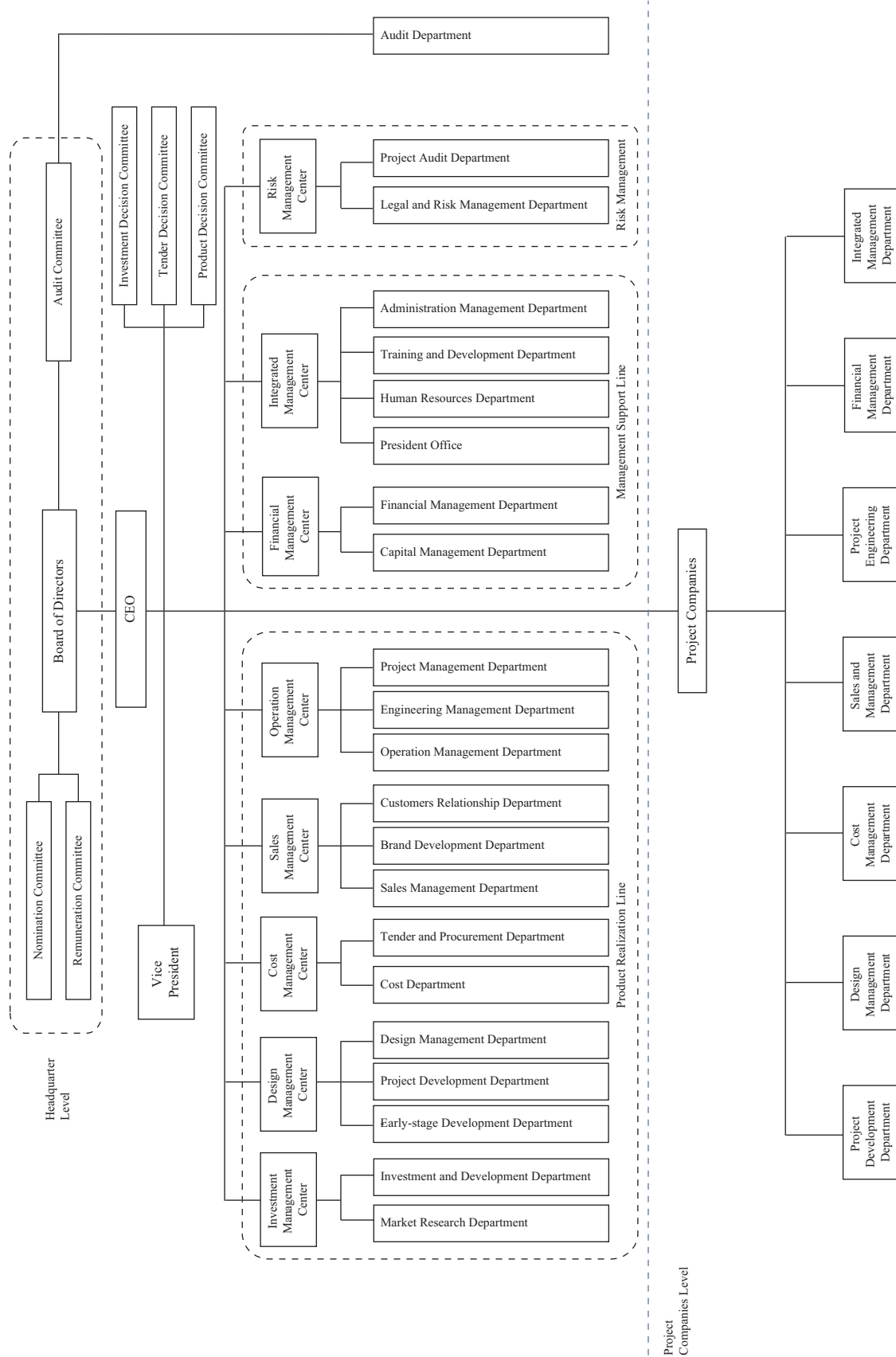
Our Project Management and Organizational Structure

With respect to our project management, we have adopted a two-tier organizational structure, with our headquarters as the first tier and local project companies as the second tier. Each tier is vested with separate duties and responsibilities. We believe that such demarcation of roles and functions between our headquarters and local project companies maximizes our operational efficiency in managing multiple projects and allows for scalability as we expand our business.

The first tier consists of our Board, CEO, president, vice-president, three decision committees and eight functional centers and is generally responsible for, among other things, making strategic decisions, formulating business development plans and policies for our Group, overseeing project development progress, establishing sales targets and other monitory and supervisory functions. Each of our local project company is generally responsible for implementing the strategies and policies formulated by our headquarters, providing local market intelligence and information to our headquarters and carrying out our daily operations such as executing project development plans, monitoring construction schedule, carrying out quality control inspection and executing sales and marketing plans.

BUSINESS

The following diagram sets out our two-tier organizational structure for our project management:



BUSINESS

Our Decision Committees and Functional Centers

To assist our Board, CEO, president and vice president in making key strategic decisions and formulating major business development plans and policies, we have been striving to improve our management and operation policies over the years. We have set up three decision committees at our headquarters, which include our investment decision committee, tender decision committee and product decision committee, and eight functional centers, which include our investment management center, design management center, cost management center, sales management center, operation management center, financial management center, integrated management center and risk management center.

Investment Decision Committee

Our investment decision committee is mainly responsible for making key operational and new investment decisions at our headquarters. It is primarily responsible for reviewing, formulating and/or approving, among other things, (i) our potential development opportunities; (ii) medium to long term strategy planning; (iii) annual land reserve acquisition strategies, (iv) investments, joint ventures, merger and acquisitions proposals; (v) due diligence and project feasibility study report; and (vi) annual financing plans and projects. Our investment decision committee is led by our CEO, the vice president of investment management center and the vice president of operational management center. As of the Latest Practicable Date, we have ten members in our investment decision committee.

Tender Decision Committee

Our tender decision committee is mainly responsible for making key tender and procurement decisions at our headquarters. It is primarily responsible for reviewing, formulating and/or approving, among other things, (i) procurement strategies for our projects; (ii) centralized procurement procedures; (iii) tender procedures; (iv) selections of construction companies and suppliers; and (v) any procurement amount which exceeds the local project company's approval authority. Our tender decision committee is led by our CEO and the vice president of cost management center. As of the Latest Practicable Date, we have five members in our tender decision committee.

Product Decision Committee

Our product decision committee is mainly responsible for marketing key product positioning decisions and planning assessments at our headquarters. It is primarily responsible for reviewing, formulating and/or approving, among other things, (i) product positioning strategies; (ii) conceptual and design planning of the main structure, decoration, landscaping and smart-home features; and (iii) product standardization strategies. Our product decision committee is led by our CEO and the vice president of design management center. As of the Latest Practicable Date, we have seven members in our product decision committee.

Our Functional Centers

Our functional centers are responsible for making key business decisions and development plans in their respective functional areas. We have also established functional departments under each of our functional centers to handle specific functions under such functional center.

Investment Management Center

Our investment management center manages our overall market research and project investment. The center consists of the market research department and the investment and development department.

Our market research department is primarily responsible for conducting initial market research to help us to identify and assess potential development opportunities, which typically involves collecting information from local and governmental channels and general studies on the land, city, economic

BUSINESS

environment, risks and governmental policies and regulations relating to the potential development opportunity. Based on the initial market research, our investment and development department would make recommendations relating to the potential development opportunity to our investment decision committee.

Design Management Center

Our design management center manages our overall project design and planning process. The center consists of the early-stage development department, the design management department and the project development department.

Our early-stage development department is primarily responsible for managing and preparing the requisite reports and filings for the application of necessary governmental approvals, permits and licenses for a project at early development stage and handing over such tasks once the local project company is formed. Our design management department is primarily responsible for engaging external design companies and institutions for different types of design works of a project, managing their progress and reviewing all draft design works. Our project development department is primarily responsible for reviewing all finalized construction proposals before submission to our product decision committee for final review and approval, as well as formulating and standardizing our project development process.

Cost Management Center

Our cost management center is primarily responsible for our overall procurement process. The center consists of the cost department and the tender and procurement department.

Our cost department is responsible for analyzing, monitoring and controlling the cost and budget aspects of our projects. Our tender and procurement department is responsible for establishing the overall tender and procurement procedure of a project, including preparing the invitation for tender documents and reviewing the tender documents submitted by the bidders.

Sales Management Center

Our sales management center is primarily responsible for conducting market research after our land acquisition, formulating branding, product positioning, marketing, sales and customer relationship strategies and plans, setting marketing goals, controlling project marketing costs and budget and evaluating the performance of the local sales and marketing teams. The center consists of the brand development department, the sales management department and the customers relationship department.

Our brand development department is mainly responsible for conducting customer research in our target markets and formulating our branding strategy and reviewing and approving the designs of our promotion materials to ensure that our brand integrity is maintained across our marketing initiatives and communications. Our sales management department is mainly responsible for establishing a sales strategy, marketing budget and sales targets for each project, managing our sale teams and monitoring the implementation of the sales plan and the effectiveness of the sales channels and reviewing and approving designs of the show flats to be displayed at the on-site sales office. Our customer relationship department is mainly responsible for formulating our customer relationship strategy and analyzing customer feedbacks.

Operation Management Center

Our operation management center is primarily responsible for managing the operational and engineering aspects of our development process and monitoring and controlling the quality and progress of our projects during construction. The center consists of the operation management department, the engineering management department and the project management department.

BUSINESS

Our operation management department is mainly responsible for managing and regularly communicating with the operation and engineering teams at the local project companies to ensure that our products meet market standards and developments schedules and comply with applicable PRC laws and regulations relating to quality and safety. It also manages our organizational performance by setting goals and objectives and establishing policies for majority of our departments and functional centers. Our engineering management department is mainly responsible for providing engineering technology analysis, establishing inspection policies and engineering standards and specification, conducting regular on-site inspections of our projects and enforcing quality and progress control throughout the construction process of our projects. The project management department is mainly responsible for managing our project development and investment in joint ventures and associated companies.

Financial Management Center

Our financial management center is primarily responsible for reviewing and analyzing the financial, investment and accounting aspects of the business activities during our development process. The center consists of the capital management department and the financial management department. Our capital management department is mainly responsible for reviewing and approving our budget plans, financial and borrowing plans and capital and investment activities. Our financial management department is mainly responsible for conducting internal audit, tax management, financial analysis and budget and cost control.

Integrated Management Center

Our integrated management center is primarily responsible for promoting our corporate culture internally, managing our staff development, human resources and information technologies and providing administrative support to our organization and management. The center consists of the training and development department, the human resources department, the administration management department and the president office.

Risk Management Center

Our legal and risk management center consists of the project audit department and the legal and risk management department. Our legal and risk management department is mainly responsible for identifying our Company's operational risk, including supervising, handling, and reporting for our Group they are also responsible for managing our legal affairs and providing legal advice to our Group. It is also responsible for identifying, monitoring and reporting compliance risk, developing and executing compliance management plans and drafting and reviewing our material contracts.

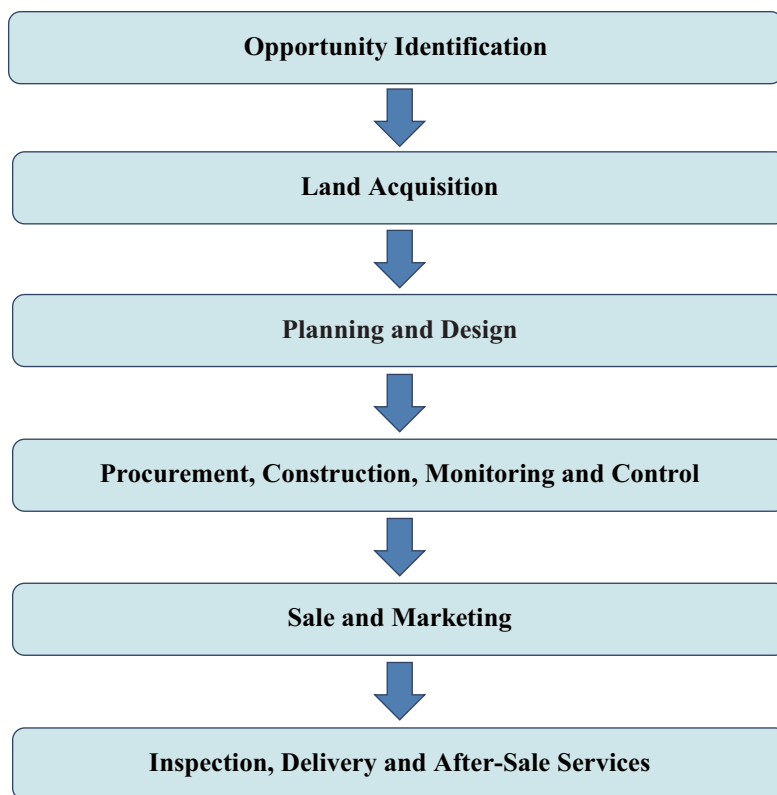
Audit Department

Our Group has established an audit department that is independent from other functional centers and departments and is responsible for reviewing our financial reporting, risk management and internal control systems and conducting internal audit of our contract and project managements. The audit department will report directly to our Audit Committee.

BUSINESS

Our Project Development and Sales Process

We have a well-established and streamlined process for our project development, which typically involves the major stages as set out in the diagram below:



It generally takes around 21 to 48 months for us to complete a project after acquiring the relevant land use rights, depending on the project type, scale, complexity and other project specific factors.

Opportunity Identification

We consider opportunity identification and site selection to be important to the success of our project development process. Our investment management center is responsible for conducting initial market research with a view to identifying and assessing potential development opportunities for us to acquire land parcels or to cooperate with third-party business partners with expertise in project development through joint ventures and associated companies. Such initial market research efforts may involve information collections from local and governmental channels, such as the websites of the Ministry of Natural Resources of the PRC, and general studies on, among others, the following:

- the city where the potential development opportunity is located, including local economic conditions, local GDP and its growth rate, residents' income levels and purchasing power, population size and its growth and density, potential demand for residential properties, local governmental plans on infrastructure, transportation, public facilities and urban planning;
- the relevant land information, including its size and usage restrictions, as well as local land supply and historical transactions;
- potential competition;
- suitability of the potential development opportunity for our product positioning;
- potential risks;
- macro-economic environment; and

BUSINESS

- national and local governmental policies and regulations.

If necessary, our investment management center would conduct site visits of the relevant land and surrounding areas by its own staff or through third party agencies.

Based on the initial market research, if our investment management center considers the potential development opportunity feasible, it would prepare a feasibility report and recommend the opportunity to our investment decision committee for approval. Based on the feasibility report and information from our functional centers at the headquarters, including:

- initial building and planning scheme from our design management center;
- cost estimation from our cost management center;
- market, product and customer positioning information and initial sales plan from our sales management center;
- engineering technology analysis from our operation management center;
- financial and tax estimation from our financial management center;
- financial analysis using our detailed indicator-based evaluation system, taking into account key indicators such as estimated revenue and land costs ratio, estimated gross profit and net profit margins, financing costs, expected launch time, destocking cycle and positive cash flow-back cycle; and
- initial due diligence on the relevant land parcels and/or third-party business partners from our risk management center,

if our investment decision committee considers the potential development opportunity feasible, it would resolve to approve it to proceed to the land acquisition stage.

Based on the above site selection process and adhering to our mission of “casting new city landscapes”, our residential projects are typically situated in new markets in second-tier cities and core districts in third-tier cities in the Yangtze River Delta Region with access to High-Speed Rail stations and we also aim to strategically expand into core districts of cities with lower urbanization rate.

Land Acquisition

We always strive to adopt a diversified land acquisition strategy to enrich and optimize our land reserves. We usually acquire land for our projects through two methods: (i) in the primary market through bidding in public tender, auction or listing-for-sale process in compliance with the Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) (the “**2007 Regulation**”), which became effective on November 1, 2007; or (ii) through acquisition of equity interests or investments in companies that hold land use rights. For details of the land acquired for our projects, please refer to the sections headed “Our Project Portfolio — Land reserves” and “Our project portfolio — Our property development projects” above.

Public Tender, Auction or Listing-for-sale

We acquire a portion of our land in the primary market through public tender, auction or listing-for-sale process organized by the PRC government authorities in the primary market. We usually utilize this method of land acquisition in locations where we have established operation, such as cities in the Yangtze River Delta Region, and hence possess better local market intelligence. Typically, in a public tender, an evaluation committee (including a representative of the grantor and other experts) evaluates tenders submitted by bidders and chooses the tender based on a number of factors including each bidder’s bidding price, project experience, credit history, qualifications and development proposal. In an auction,

BUSINESS

local land bureaus hold the auction process and grant the land use rights to the bidder with the highest bidding price. In a listing-for-sale process, local land bureaus specify conditions for granting the land use rights before bids are submitted and the land use rights are granted to the bidder with the highest bid at the end of the listing-for-sale period. For details of the 2007 Regulations and other applicable PRC regulations, please refer to the section headed “Regulatory Overview — Laws and regulations governing land use rights for real estate development” in this prospectus.

Acquisition of Equity Interests or Investments in Companies that hold Land Use Rights

We also acquire land parcels of our property development projects through acquisition of equity interests or investments in companies that hold land use rights and cooperation with third-party business partners with resources and local expertise in project development through our jointly developed projects, depending on the relevant circumstance of the projects. For further information on our cooperation with third-party business partners, please refer to “Our business model and cooperation with third-party business partners” above. We usually utilize this method of land acquisition as we strategically expand into a new geographical market where we may face increased risks due to its possible difference in regulatory requirements, competitive conditions or consumer preferences from our existing markets. In terms of our business performance, this method allows us to leverage our third-party business partners’ local network, market intelligence and knowledge on local government policies and regulations. In terms of our financial position, our third-party business partners would contribute capital for our property development projects, which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allow us to take part in more property development projects and achieve risk diversification.

We first started utilizing this method of land acquisition in 2015 and since then, our cooperation with third party business partners in our non-wholly-owned subsidiaries, joint ventures and associated companies have increased significantly.

Social Welfare Housing

During the Track Record Period, for projects including The Hong Kong Masterpiece (新港城), Ziyu Mansion (紫御府), Hua Qiao Cheng (華僑城), Rongjin Mansion (融錦別院), Eastern Mansion (太湖天萃), Country Garden — Lingyu (碧桂園 • 領譽) and Taoyuan Li (桃園里), we agreed to allocate a number of units of our commodity houses and retail units with an aggregated GFA of approximately 139,965 sq.m. to relevant local government entities for the purposes of social welfare housing, such as resettlement houses, etc., at a specific price or for free, as specified in the relevant agreements or contracts that we entered into with the particular governmental entities. For the projects of Shan Shui Shi Jian (山水拾間) and Qiu Shi Chen Yue (秋實宸悅), we agreed to allocate at least 5.0% of the residential GFA of the respective project (equivalent to an aggregated GFA of approximately 4,890 sq.m.) to be transferred or returned to the relevant local government entities for free for the purposes of social welfare housing, such as public rental housing. We are not responsible for any relocation or resettlement operations relating to the projects or the affected residents. In general, such social welfare housing requirements are imposed by the relevant local government when we entered into valid land grant contracts.

Planning and Design

Product Positioning

We aim to position our product to meet the evolving market demand and create value for our customers. Our targeted customer groups mainly include (i) first time homebuyers, (ii) mid-end home-upgraders and (iii) high-end home-upgraders.

BUSINESS

Our product positioning process for a project starts early at the opportunity identification stage. After a potential development opportunity is approved, our investment decision committee would typically provide a preliminary product positioning opinion based on information provided by our functional centers at the headquarters, including the initial building and planning scheme from our design management center. Based on such positioning opinion and after the land acquisition stage, our sales management center is generally responsible for conducting further market research by working with our sale management department at the local project company and third-party market research agencies to produce a preliminary product positioning report, including the customer group and market studies, to further facilitate our project planning and design.

Project Planning and Design

We strive to carefully plan our projects and to design quality properties to meet the needs and preferences of our customers. We manage our overall project planning and design through our design management center, which has formalized standardized four-step procedures for our project planning and design, which typically involve (i) land parcel planning, (ii) conceptual planning, (iii) construction planning and (iv) final design and construction drawings preparation.

At the land parcel planning step, an initial building and planning scheme is generated to assist our investment decision committee to review a potential development opportunity at the opportunity identification stage and our sales management center to generate a preliminary product positioning report. At the conceptual planning step, based on additional land information, a conceptual design plan is generated to facilitate our sales management center to conduct further analysis and generate a formal product positioning report. At the construction planning step, based on the formal product positioning report and collaboration among our other functional centers, a construction proposal is submitted to our product decision committee for review and approval. After the construction proposal is approved, we would proceed to final design planning and collaborate with external design companies and institutions to prepare the final design and construction drawings according to our requirements.

We usually outsource different types of design works of a project, such as construction drawings preparation, architectural design, and scenery design, to qualified third-party design companies and institutions. We believe that outsourcing design works would allow us to leverage the expertise and research capabilities of the design companies and institutions and to better manage and reduce the overall timeframe required for our project planning and design process. Our design management center is responsible for setting out design parameters, cost and time requirements and statutory and government requirements in our contracts with these design companies and institutions, communicating with them frequently, managing their progress and reviewing all draft design works. The final design plan and construction drawings are submitted to the relevant government authorities for approval, after which they become the construction blueprint.

We prefer design companies and institution with which we have long-term working relationships to ensure the quality of our design works, and maintain an internal list of design companies and institutions that meet our stringent selection criteria. When assessing these design companies and institutions, we take into consideration factors such as qualifications, design capabilities, experience and technical expertise in similar projects, track-record and service fees. During the Track Record Period, we entered into agreements by projects, but did not enter into any long-term agreements, with the design companies and institutions. Such agreements usually stipulate the scope of design work to be performed, design schedule, quality standards, service fees and payment schedule. The service fees are usually determined based on the complexity of the design work and GFA of the project.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, these design companies and institution that we engaged during the Track Record Period are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of our Shareholders as a whole.

BUSINESS

Procurement, Construction, Monitoring and Control

Our cost management center is generally responsible for our overall procurement process. It is responsible for generating a master budget plan using our cost management system based on the construction blueprint of a project, submitting the budget plan to our financial management center for review and obtaining approvals from our decision committees at the headquarters. The master budget plan sets out the relevant budgets for the appointment of construction companies and procurement of raw materials for the project.

Appointment of Construction Companies

We typically outsource the construction work of our projects to qualified third-party construction companies. We believe that outsourcing construction work allows us to better focus on our business as a property developer and to minimize certain risks, such as risks from fluctuations in the cost of certain raw materials.

We select construction companies for our projects through a tender process in accordance with the Law on Tender and Bidding of the PRC (中華人民共和國招標投標法) and the Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定). The tender process may be conducted via tender by invitation or open tender. The tender process is managed by our cost management center at the group level. It is responsible for preparing invitation for tender documents, and reviewing the qualification of the bidding construction contractors and the tender documents submitted by the contractors. The tender invitations set out the specifications and requirements for the constructions, such as the quality assurance terms and construction safety requirements. The tender invitation usually lasts for 10 to 13 days. Interested contractors would submit their tender documents, with the proposed pricing, proposed construction schedule and qualification for review. We conduct a number of due diligence procedures and only invite the contractors which have passed our due diligence checks to participate our tender. For certain projects, we hold interviews with core members of contractors and conduct in-depth review of their previous work experiences. When considering the tenders submitted, we will consider a number of factors including the technical and financial aspects of the contractors. In particular, we will review the qualifications of the contractors, the recent projects completed by the contractors and the repair and maintenance undertakings. The whole tendering process is fully confidential. During the Track Record Period, a majority of these construction companies were selected through tender by invitation.

We prefer construction companies with which we have long-term working relationships to ensure the quality of our products, and maintain an internal list of construction companies that meet our criteria and which we may invite to tender for new projects. To ensure the quality and workmanship of our properties, we apply stringent criteria in the selection of construction companies. When assessing these construction companies, we take into consideration factors such as experience, track record, reputation, credentials, professional qualifications, financial condition, quality of construction work, price quote, proposed construction schedule and plan and technical capabilities. Our tender decision committee will review the tendering documents, rank the submitted tenders and approve the final tender decision.

During the Track Record Period, we entered into construction contracts by projects, but did not enter into any long-term contracts, with these construction companies. Such construction contracts are based on a standard template provided by the relevant government authority, which usually contain warranties provided by the construction companies with respect to construction schedules, quality and safety standards. Pursuant to such agreements, the contractors are obligated to undertake the entire construction work in strict compliance with the laws and regulations, and the construction companies are required to pay fines in the event of delays and are responsible for the costs incurred in rectifying construction defects discovered pre- and post-completion and delivery. In addition, we are entitled to terminate a construction contract and claim damage for losses if the construction company causes any material delay to the development schedule or irreparable damage to the project development. During the Track Record Period, we had not experienced or been subject to any material construction delay, penalty, claim or loss as a result of unsatisfactory work performed by the construction companies we engaged.

BUSINESS

We usually make payments to construction companies in installments in accordance with the terms and conditions stipulated in the construction contracts and the installment payment schedule varies from case to case. In general, we pay the construction companies 70% to 85% of the full contract price when the construction work is completed and pay 95% of the total contract price upon project settlement. We retain 3% to 5% as quality warranty deposit typically for two to five years. The quality warranty deposit is used to cover any contingent expenses incurred as a result of construction defects. Our Directors believe that the amount of quality warranty deposit we retain 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. During the Track Record Period, there was no incident where the quality warranty deposit was insufficient to cover the expenses incurred by us to rectify construction defects.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, these construction companies that we engaged during the Track Record Period are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of our Shareholders as a whole.

Procurement

During the Track Record Period, a significant portion of our raw materials, fixtures and equipment were procured in China. The construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, used in the construction process. The raw material costs are typically included in the pre-agreed contract prices with the construction companies. Typically, our construction companies bear the risk or enjoy the benefit of price fluctuation for majority of raw materials for which they are responsible for. However, our contracts with construction companies contain price adjustment mechanism, in cases where the fluctuation in the relevant market prices of the relevant raw material exceed certain threshold, the fee with the construction companies may be adjusted. We can, to a certain extent, pass any cost increases in raw materials to our customers by increasing the prices of our products. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

We normally specify a list of brands and the construction companies procure such materials with reference to pricing guidelines issued by local authorities. For materials which materially affect the design of our projects, such as ground and wall tiles, external finishing materials, internal decorative materials and valves, we may require the construction companies to procure these materials at prices pre-negotiated by us.

We are responsible for purchasing specific construction materials and fixtures such as elevators, and air conditioner. We prefer third-party suppliers with which we have long-term working relationships to ensure the quality of our products. Our cost management center maintains a central supplier database, which contains evaluation information about all the suppliers of our Group. To qualify for our supplier database, the supplier must meet our strict standards on quality, productivity and compliance record. We conduct visit on our suppliers on an annual basis as well as on ad hoc basis. To maximize our economies of scale and bargaining power, we centrally procure certain raw materials. We normally seek tenders from no less than three suppliers within our qualified supplier database for our procurement. We enter into procurement contracts with the winning bidders. The procurement contracts are usually fixed-priced and do not contain any minimum purchase commitments. The terms of the procurement contracts usually track the construction periods of the relevant projects, which range from one to two years. Suppliers may enter into new tender bids when the contractual periods expire. Typically, we may terminate a contract if the supplier fails to supply the relevant materials in accordance with the terms of the contract, industry standards or relevant regulatory requirements.

In general, we make payments to our suppliers in installments by bank transfer or acceptance bills in accordance with the terms and conditions stipulated in the procurement contracts, and payment terms granted by our suppliers vary depending on factors such as the relationship between the supplier and us and the transaction size.

BUSINESS

We do not maintain any inventory of construction materials. As we maintain a central supplier database for the equipment which we are responsible for purchasing, we have adequate alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. We did not experience any shortages or delays in the supply of raw materials which had a material impact on our operations during the Track Record Period.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, save as to Hongpeng Trading Company Limited (“**Hongpeng Trading**”), Jiangsu Jiahu Trading Co., Ltd* (江蘇嘉湖商貿有限公司), and Jiangsu Jiamao Gardening Service Co., Ltd* (江蘇嘉茂園林綠化工程有限公司), suppliers that we purchased from during the Track Record Period are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of our Shareholders as a whole. For details of our relationship with Hongpeng Trading, Jiangsu Jiahu Trading Co., Ltd* (江蘇嘉湖商貿有限公司), and Jiangsu Jiamao Gardening Service Co., Ltd* (江蘇嘉茂園林綠化工程有限公司) please refer to “Relationship with our Controlling Shareholders and non-competition undertaking” in this prospectus.

Project Monitoring

We place significant emphasis on project monitoring, as well as quality, progress and cost control, to ensure that our products meet market standards and comply with applicable PRC laws and regulations relating to quality and safety. Our operation management center is responsible for monitoring and controlling the quality and progress of our projects during construction. Our cost management center is responsible for the overall cost control during construction.

Quality Control

Our quality control process starts with the selection of qualified construction companies and suppliers with which we have long-term working relationships to ensure the quality of our products. Please refer to “— Our Project Development and Sales Process — Procurement, Construction, Monitoring and Control” above for our selection and assessment of construction companies and suppliers.

To ensure quality of our product and compliance with applicable PRC laws and regulations, we have established a system of quality control policies and procedure to govern each aspect of the project development process. Also, in compliance with applicable PRC laws and regulations, we engage Independent Third Party certified construction supervision companies to monitor the entire construction process of our projects. The construction supervision companies, along with personnel of our local project companies, conduct quality inspections on construction materials and on-site workmanship checks to ensure all construction materials and products meet our prescribed specifications and applicable regulatory requirements. During the inspections, we check whether the construction companies comply with the construction blueprint and for any deviation from the blueprint, whether such deviation is an appropriate adjustment. We also check whether the construction companies comply with our procedures regarding inspection of raw materials and equipment. Our inspection process typically includes the following: (i) the samples of all major raw materials must be sent to us for pre-approval and stored for records; (ii) all major equipment and raw materials must be inspected when entering the construction sites; and (iii) all sub-divided work steps are inspected and only upon the satisfaction of the inspection results of one work step, the next work step may be carried out.

If there are any instances of quality issues, our local project companies, which are responsible for monitoring day-to-day business operations throughout the development process, will report them to our operation management center and president office at the headquarters and we require the non-compliant entity to rectify the issue within a specific timeframe. We may request the suspension of the construction work by the appointed construction companies if there are any material quality issues and require

BUSINESS

remedial measure before the construction work can commence again. Also, after the construction company complete a project, we retain a quality warranty deposit from them typically for two to five years to cover any contingent expenses incurred as a result of construction defects. Please refer to the section headed “— Our Project Development and Sales Process — Procurement, construction, monitoring and control — Appointment of construction companies” above for more details.

Our Directors confirm that, during the Track Record Period, we had not encountered any material quality problems nor receive any material complaints about the quality of our projects. During the Track Record Period, one of the construction companies engaged by us encountered an incident while constructing our project that resulted in fatality of one construction worker. Such construction worker was fell from height while working on a piece of wooden standing board which suddenly broke. Such construction company has confirmed that it bore all the responsibilities and had settled all liabilities in relation to such incident. Our Directors confirmed that such incident did not cause any material adverse effect on our operations. Our Directors further confirm that there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group. During the Track Record Period, no fines or penalties for non-compliance of PRC labor and safety laws and regulations were imposed on us.

Progress Control

We have established a project schedule management system that specifies the timeframe in which each project milestone needs to be achieved during the project development process. We also utilize an online approval system, named “Office Automation”, for efficient coordination among our functional centers at the headquarters. We have integrated these systems into our IT system, which would automatically alert the relevant staff of our functional centers at the headquarters and our local project companies on the timeliness of their performance of each task, provide them with access to the relevant electronic documents and obtain online approvals from our management. These systems allow us to monitor the pace of each project development in a timely manner and to quickly identify any potential delays to the final schedule.

The construction companies appointed by us are usually required to appoint a project manager to manage the construction progress on daily basis. During the construction stage, our operation management center is responsible to review all projects under construction and conduct on-site inspections of all projects and monthly on-site inspection of selected projects. During our on-site inspection, we would inspect and review the site area and conduct meetings with the project manager and the project engineering staff at the local project companies to discuss project progress. We also inspect every major construction procedure such as foundation building, roof sealing and waterproofing of the main structure, thermal insulation construction and completion inspection. Our operation management center would also monitor the construction progress and evaluate the performance of the contractors by reviewing the monthly quality assurance and construction progress report prepared by the certified construction supervision companies. If the construction progress has any material deviation from our construction progress plan, our project management department will bring the situation to the attention of our headquarters, explain the reasons for such deviation and discuss the rectification measures with the relevant contractor. Upon completion of each stage of the construction, the contractor will submit an approval form to the Independent Third Party certified construction supervision companies and the manager of the project engineering department of the project company, will then check against the actual construction status, acknowledge the completion of the relevant stage of the project and approve the amount payable to the contractors. After that, our cost management department or cost management center at headquarters, as the case may be, will review the approval forms and make the payment to the contractors accordingly.

If there is any schedule delay which exceeds the period of time as stipulated in the construction contract with the construction company, we will also be entitled to a pre-determined amount as a penalty payment and, in some cases, we will have the right to terminate the construction contract.

BUSINESS

The construction companies engaged by us are not typically allowed to subcontract or transfer their contractual agreements with us to third parties without our prior consent. When subcontracting construction works to third parties under our consent, the construction companies are obliged to supervise and ensure the subcontractors' construction works are in strict compliance with our specifications and requirements, and we may also require the construction companies to conduct progress meetings regularly.

Our Directors confirm that, during the Track Record Period, we had not encountered any material delay or failure to complete the construction work of any of our projects according to our planned specifications.

Cost Control

We have established a cost management system which assists us in creating master budget plans, including how to assess the different cost components, and approving, maintaining and monitoring all construction and supplier agreements for our projects. Our cost management center is responsible for reviewing and ensuring that the relevant contracted amount, payment schedule and key commercial terms recorded in the cost management system are in accordance with those set forth in the master budget plan for a project. For all payment amount below RMB2 million, the amount due to contractors will be paid upon receiving approval from our cost department, whereas payment amount above RMB2 million also require the approval of our risk management center. We believe that the cost management system provides us with the capability to keep track of payment schedules and management our payments and cash flow. Our financial management center and cost management center would typically conduct monthly meetings or hold internal discussions to review and verify the actual costs incurred in details and compare such costs with the master budget and with similar expenses incurred at our other projects. 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 as a result. In the event that the master budget for a project needs to be revised, approval from our decision committees at the headquarters 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.

Sales and Marketing

Sales and Marketing Activities

We typically rely on the efforts of our sales and marketing teams at the local project companies for the marketing and promotion of most of our properties. We believe by establishing and strengthening our own sales and marketing teams, and leveraging the supports of our functional centers at the headquarters and other departments at the local project companies, 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 that we provide relative 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.

We occasionally engage third-party real estate sales agents 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. For the three years ended December 31, 2019, we incurred sales commission to third-party real estate sales agents of RMB1.0 million, RMB6.2 million and RMB3.4 million, respectively.

BUSINESS

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, these real estate agents that we engaged during the Track Record Period are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of our Shareholders as a whole.

Our sales management 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. Our sales management department at the local project company is generally involved in the execution of the sales and marketing plan of a project and provide local customer feedback to our sales management center. We conduct our sales and marketing activities for a property development project in three key phases:

- The first phase begins after the land acquisition stage with our sales management center conducting detailed market research and producing a product positioning report to help us to formulate the branding and sales strategy and marketing plans of the project. Then, at the project planning and design stage, we would commence the design of the show flats at our sale office. The marketing and promotional goal is to complete a majority of our sales and marketing preparation for the second and third phases below.
- The second phase begins with the opening of our show flats at the on-site sale office and the construction commencement ceremony. Our marketing and promotional programs at this stage include (i) building and training the local sales and marketing team, (ii) establishing the on-site sales office and (iii) advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media and outdoor billboards. Our marketing goal is to promote market awareness of the project and to enhance our corporate image.
- The third phase begins with initiation of pre-sale. Our marketing and promotional programs at this stage focus on more detailed property product introduction and open house events. We set up on-site reception centers to display model units of our projects and other detailed information about the development. The marketing and promotional goal is to attract potential purchasers and to stimulate interest in various types of properties in the project.

For the three years ended December 31, 2019, our advertising and promotion expenses were RMB7.9 million, RMB18.1 million and RMB90.2 million, respectively.

As part of our marketing efforts, during the Track Record Period, our Group also gifted small gifts, such as mobile power banks, electronic body scales and thermos, etc., to attract new customers coming to the sales office and to enhance relationships with our existing customers during festive seasons who successfully referred new buyers to our Group. Our Group also held lucky draws for customers who have bought the units of certain of our property projects, the prize of such lucky draws include home appliances and electronic gadgets. Given that the unit price of such small gifts and prizes of lucky draws provided by our Group was below RMB50,000 which is allowed by the relevant regulations, our PRC Legal Adviser is of the view that such arrangement complies with the requirements under the Anti-Unfair Competition Law of the People's Republic of China. We believe the above incentive was effective in attracting our existing customers to generate word-of-mouth marketing, improving our profitability in general and enhancing our brand awareness in the target markets. We consider that the incentive granted was in line with the then prevailing market practice.

BUSINESS

Pre-Sale

Pre-Sale Procedures

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-sale permits in accordance with the PRC laws and regulations. Please refer to the section headed “Regulatory Overview — Laws and Regulations Governing Real Estate Transfer and Sale and Lease — Regulations on sale of commodity buildings” in this prospectus.

Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not fail or experience any significant delays in obtaining the pre-sale permits.

In addition, property 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 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 shorter than that for the quality warranties we receive from our construction contractors under the relevant construction contracts.

Cancelled 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.

Pre-Sale Proceeds

Under the Pre-sale Measures and Urban Real Estate Law, the pre-sale proceeds of commodity buildings should only be used to fund the construction costs of the relevant development projects. Further, in some cities we operate, the use of pre-sale proceeds is specifically restricted, where the pre-sale proceeds of our properties must be deposited in escrow accounts and can only be used to purchase the necessary construction materials and equipment, make construction stage payment, pay statutory taxes for the relevant development projects subject to prior consent from the relevant local government authorities. Please refer to the section headed “Regulatory Overview — Laws and regulations governing real estate transfer and sale and lease — Regulations on sale of commodity buildings” in this prospectus.

BUSINESS

The following table sets out a breakdown of the pre-sale proceeds received by our Group in respect of each project during the Track Record Period:

Project name	Province and City	Pre-sale proceeds received by the Group during the year ended		
		December 31, 2017	December 31, 2018	December 31, 2019
		RMB'000	RMB'000	RMB'000
Chen Yuan (晨園)	Nantong City, Jiangsu	–	–	79,490
Ganglong – Bo Yue Fu (港龍•鉞樾府)	Shaoxing City, Zhejiang	–	–	195,197
Ganglong Capital (港龍首府)	Yancheng City, Jiangsu	–	–	509,040
Guan Tang Fu (觀棠府)	Yancheng City, Jiangsu	–	–	343,527
Hanlin Capital (翰林首府)	Huai'an City, Jiangsu	–	–	1,088,415
Hau Qiao Cheng (華僑城)	Yancheng City, Jiangsu	23,391	–	–
Hong Kong City (香江華庭)	Changshu City, Jiangsu	162,743	–	–
Hua Qiao Xin Cheng (華僑新城)	Yancheng City, Jiangsu	361,467	597,648	61,498
Jiangnan Taoyuan (江南桃園)	Huzhou City, Zhejiang	–	–	346,362
Jing Shan Xiu Shui (景山秀水)	Lianyungang City, Jiangsu	140,334	712,409	186,379
Long Chen Ming Zhu (龍宸銘著)	Changzhou City, Jiangsu	–	–	85,575
Long Yue Fu (龍悅府)	Changzhou City, Jiangsu	–	–	325,554
Ganglong – Park Mansion (港龍•東湖桃源)	Panzhou City, Guizhou	–	2,150	196,792
Qiu Shi Chen Yue (秋實宸悅)	Hangzhou City, Zhejiang	–	–	808,960
Shan Shui Shi Jian (山水拾間)	Shanghai	–	–	679,581
Sunac Plaza (融創廣場)	Huai'an City, Jiangsu	–	–	532,381
The Hong Kong Masterpiece (新港城)	Changzhou City, Jiangsu	355,558	964,340	746,285
Unique Summer Mansion (桃源府)	Taixing City, Jiangsu	–	11,527	188,036
Xiang Lan Hua Ting (香瀾華庭)	Changshu City, Jiangsu	–	–	126,274
Xiang Yu Hua Ting (香語華庭)	Changshu City, Jiangsu	718,465	232,129	17,865
Zha Xi Taoyuan (霽溪桃源)	Huzhou City, Zhejiang	–	26,973	125,883
Ziyu Mansion (紫御府)	Changzhou City, Jiangsu	–	252,068	345,303
Total		<u>1,761,958</u>	<u>2,799,244</u>	<u>6,988,397</u>

We have adopted internal control measures to ensure that the proceeds derived from our pre-sales will be used for the construction of the relevant projects in accordance with the relevant PRC laws and regulations which varies city from city. Before applying for the pre-sale permits, we will sign an agreement on the supervision of pre-sale proceeds with a supervising bank or third party agency and the property management department of the local government, and set up a designated escrow account where the pre-sale proceeds are paid into. When we need to apply the pre-sale proceeds for the development and construction of the relevant projects, we shall make an application to the property management department of the local government together with the relevant information such as proof of the completion of certain part of the project. Upon receipt of the approval from the property management department of the local government, we shall apply to the supervising bank or third party agency for the release of the pre-sale proceeds. During the Track Record Period, Changzhou Zhengtai Real Estate Agency Services Limited (常州正泰房產居間服務有限公司) (“**Changzhou Zhengtai**”) and Lianyungang Commercial Housing Sale Supervision Center (連雲港商品房預售資金監管中心 formerly known as 連雲港市房地產交易管理服務有限公司) (“**Lianyungang Supervision Center**”) were the third party agencies which supervise our pre-sale proceeds. Changzhou Zhengtai was designated as a third party agency to supervise the pre-sale proceeds in Changzhou, Jiangsu, under Notice on Carrying Out the Third-Party Custody of Pre-sale Proceed of Newly-built Commodity Properties in Urban Areas (Changfangfa [2016] No. 61) (關於開展市區商品房預售資金第三方託管工作的通知 (常房發 [2016] 61 號)) and Notice on Confirmation of Third-party Custody Organizations for Pre-sale Funds (Changfangfa [2016] No. 77) (關於確認預售資金第三方託管機構的通知 (常房發 [2016] 77號)). Lianyungang

BUSINESS

Supervision Center was designated as a third party agency to supervise the pre-sale proceeds in Lianyungang, Jiangsu, under the Administrative Measures for the Supervision of the Pre-sale Funds of Commercial Housing in Urban Areas of Lianyungang City (Lianzhengguifa [2015] No. 5) (《連雲港市市區商品房預售資金監管辦法》(連政規發 [2015] 5號)), the Implementing Rules for the Supervision of the Pre-sale Funds of Commercial Housing in Urban Areas of Lianyungang City (《連雲港市市區商品房預售資金監管實施細則》(連住房規發 [2016] 1號)). As of December 31, 2017, 2018 and 2019, the total balance remaining at these escrow accounts was approximately RMB106.5 million, RMB630.6 million and RMB1,381.7 million, respectively, of which, approximately RMB78.6 million, RMB411.9 million and RMB232.2 million remained at the escrow accounts with Changzhou Zhengtai and Lianyungang Supervision Center as of the respective year end. Please refer to pre-sale proceeds deposits as stated under “Financial Information — Certain items of consolidated statements of financial position — Trade and other receivables and prepayment — Other receivables” and restricted cash designated for use of construction work as stated in “note (a) to note 19 of Accountant’s Report in Appendix I” in this prospectus for further details.

The ratio of pre-sale proceeds received to average balance of property under development and completed properties held for sale for the three years ended December 31, 2019 was 99.2%, 72.6% and 62.8%, respectively. Such ratio was relatively high in 2017 primarily because we had less development projects in that period, and the decrease in such ratio during the Track Record Period primarily reflected the significant growth in number of our property development projects, with 10 and 14 additional projects in 2018 and 2019, respectively, that attributed to the rapid increase in our property development activities during the Track Record Period, whilst the balance of property under development and completed held for sale representing these new development projects are expected to reduce or derecognize when the relevant properties are delivered in later periods.

In relation to the deposit and the usage of pre-sale proceeds, our Directors confirmed that: (i) during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the relevant laws and regulations in PRC governing pre-sale proceeds in all material respects and no penalties had been imposed on projects developed by our subsidiaries; and (ii) save as disclosed in “Business — Our project management and operation — Procurement, construction, monitoring and control” above, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there were no arrangements or agreements, either verbally or in writing, between our Group and its contractors in respect of payments of construction costs and/or financing in respect of pre-sale proceeds.

Pricing Policies

Our ability to price our products at desired levels has been, and will continue to be, important to our results of operations. We have a clear pricing protocol for each project. We conduct initial market research on the potential development opportunity and analysis on comparable properties and inventory within the area where potential projects locate, and submit a product positioning report to our design management center after the land acquisition. We also calculate costs, expected profits and cash flow of the project. Depending on the local market demand and government development plans, we may furnish our products with standard interior decoration and premium interior decoration and sell our premium products at a higher price level than our standard products.

Prior to the launch of our sales efforts for a project, our financial management center and cost management center would typically conduct a pre-launch meeting to review the overall marketing budget, overall sales targets for each project and target ASPs based on our total costs incurred, our target profitability levels and in accordance with applicable PRC laws and regulations. Development cost of property include all costs incurred in relation to the construction of the property development project, including land costs, construction costs, borrowing costs and professional fees. A premium will be added based on our target rate of return, overall sales target for each project and the competitive landscape.

BUSINESS

Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. As part of our overall goal and strategic plan, we set annual targets as to the total sales price and revenue for all of our property projects, which are based on our development plan, market prospects, estimated costs and profit target. In accordance with such targets, we manage our property inventory position on the basis of their realizable market value. Accordingly, we establish additional or adjust our product positioning, sales price and marketing approach in view of such estimated realizable market value. In particular, although sales targets are set by our sales management center at the headquarters, our sales team at the local project company may suggest a sales price adjustment to our sales management center at headquarters based on changing market conditions due to their familiarity with the local property markets. For example, rather than becoming fixated on a pre-determined price levels, in times of market downturn and subject to approvals of our sales management centre at the headquarters, our local sales teams can quickly adopt discounts and other incentive measures to promote our properties as to ensure a healthy cash flow while maintain revenue generating. On the other hand, in more robust markets, and subject to approvals of our sales management center at the headquarters, our local sales teams may quickly increase the sales price for our properties to keep abreast of the developing market situations. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability.

During the Track Record Period, the ASP of certain of our projects may deviate from the citywide average in the relevant cities as disclosed in the “Industry Overview” section in this prospectus, which were mainly attributable to factors such as the location, type of property, interior decoration as well as ancillary facilities and surrounding facilities of the property project. For example, properties locating in a prime location in a city would generally entail higher selling price than other remote location in the city attributable to the surrounding public transportation network and supporting facilities such as schools and hospitals. During the Track Record Period, our projects located in prime district in the city, such as Hua Qiao Cheng (華僑城) and Hua Qiao Xin Cheng (華僑新城) that located in Yandu district, Yancheng city, and Jing Shan Xiu Shui (景山秀水) in Haizhou district, Lianyungang city, had a relatively higher ASP compared to the citywide average. Conversely, some of our projects may have a lower pricing compared to the citywide average as they are situated in a developing district, such as Hong Kong City (香江華庭) and Xiang Yu Hua Ting (香語華庭) in Haiyu district, Changshu city and Ganglong Bauhinia Residence (港龍紫荊城) in Wujin district, Changzhou city. Our project, The Hong Kong Masterpiece (新港城) in Wujin district, Changzhou city, their ASP are close to the citywide average. Please refer to “Industry Overview” for the ASP of commodity residential properties of relevant cities and districts. Please also refer to “Financial Information — Revenue from contracts with customers — Sales of properties — Residential properties” for the ASP of our Group’s projects sold during the Track Record Period.

Payment Arrangements

In general, our customers may make the payment by installments or in one lump-sum by cash. For customers who opt to pay by installments, they may fund their purchases by personal funds or mortgage loans provided by commercial banks.

We typically require our customers to pay a non-refundable deposit before entering into the sales or pre-sale contract. The deposit will be forfeited if the customer decides not to sign the formal sales or pre-sale contract. The deposit will be deducted from the purchase price if the customer later opts to settle the payment in full. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant sale and purchase agreements. Customers who pay by installments are required to make payments in accordance with the agreed payment schedules. Outstanding balances must be fully settled prior to property delivery. Depending on the locality of the properties, customers who purchase properties with mortgage loans are typically required to pay a down payment of no less than 20% for first-home purchasers upon entering into a sale and purchase agreements. Outstanding balances are

BUSINESS

settled by the mortgagee banks within the prescribed period pursuant to the respective bank financing agreements. The minimum percentage of down payment is subject to changing government policies.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage loans and the Administration of Housing Provident Fund for the provision of applying housing provident fund to our customers. If necessary, these mortgagee banks or the Administration of Housing Provident Fund will require us to provide guarantees or deposit as security for the mortgage loans. We rely on the credit checks conducted by the mortgagee banks and do not conduct independent credit checks on our customers. The guarantee period generally lasts until the earlier of the following two dates: (i) the issuance of the relevant property ownership certificate and the registration of the mortgage in favor of the mortgagee bank, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off the mortgage loan in advance. If a purchaser defaults on a mortgage loan during the guarantee period, we are required to repay the outstanding balances owed to the mortgagee bank. After settling such outstanding balances, we are entitled to forfeit the down payment received and sell the repossessed properties. As of December 31, 2019, the respective outstanding guarantees and deposits provided by us in respect of mortgage loans of our customers amounted to RMB3,294.0 million and RMB265.2 million. During the Track Record Period, we did not encounter any material incidents of default by our customers which would lead to material impact to our Group.

Inspection, Delivery and After-Sales Services

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. Please refer to the section headed “Regulatory Overview — Laws and regulations governing real estate transfer and sale and lease — Regulations on sale of commodity buildings” for details. It typically takes approximately two to three years from the commencement of pre-sale to the date of completion, depending on the scale of the properties. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delays in the completion of our projects or delivery of relevant title documents after sales.

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 operation management department and engineering department at the local project company are responsible to 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.

According to our accounting policies, our revenue is recognized when the properties are delivered to our customers. The recognition of our revenue from sale of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

Our customer relationship department and the property management company we engage are responsible for after-sales services. We aim to resolve our customers’ queries in relation to property construction in a timely manner.

BUSINESS

Warranties

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards.

In particular, we provide the following warranties, amongst others, for our residential 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;
- two-year warranty with respect to the refined decoration work; and
- warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design documents.

The construction companies we have engaged are responsible for rectifying quality defects in the properties, whether such defects are discovered pre- or post-completion and delivery. We may repair quality defects only if the construction companies cannot repair the defect in a timely manner. We generally retain a quality warranty deposit of 3% to 5% of the total contract price typically for two to five years to cover any contingent expenses that may be incurred as a result of any quality defects.

We may receive customer claims in relation to the quality of real properties that we developed from time to time. Generally, we coordinate with the relevant third-party construction companies to respond to such customer claims. Relevant third-party construction companies 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, we have 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.

Except for the breach of a sale and purchase agreement by us or quality defects with respect to the main structure of our properties, we typically do not allow returns of properties from our customers. During the Track Record Period, there was no return of properties from our customers due to our breach of a sale and purchase agreement or quality defects with respect to the main structure of our properties. As a result, we did not record any provisions for product warranty during the Track Record Period.

After-Sales Services

We rely on our customer relationship department at the headquarters and relevant property management companies we engage to provide after-sale services, including, among others, providing assistance in obtaining property ownership certificates, following up on warranty issues and performing maintenance services. Our customer service team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to the construction management team to improve our operation, including project design and marketing strategies.

We value feedback from our customers and believe it is important in helping us maintain customer relationships, improve product and service quality and identify customer preferences. We have a customer service telephone hotline for customers to provide feedback and complaints about our products and services. It is our policy to attend to any customer feedback or complaints in a timely manner. In addition, to better understand the needs of our customers so as to improve our offerings, we conduct customer satisfaction surveys after the delivery.

BUSINESS

PROPERTY MANAGEMENT

We believe that quality property management services are integral to our customer experience and are thus essential to maintaining long-term customer relationships. Our property management department under our operation management center at our headquarters is mainly responsible for selecting and appointing property management companies for our projects.

Also, during the Track Record Period, we engaged property management companies to provide pre-delivery property management service prior to the establishment of an owners' committee of the relevant properties developed by us in accordance with the relevant PRC property management laws and regulations. In this regard, we typically enter into a pre-delivery property management service contract with the relevant property management companies for the provision of services, such as property maintenance, site security, gardening, cleaning and other ancillary services. The management fee is determined with reference to the prevailing market rates, guidance rate set by the relevant PRC government authorities, and the GFA of each property of the relevant property development project, which is usually settled on a monthly, quarterly or yearly basis. Following delivery of the relevant property, property owners are responsible for the payment of their own management fee, while we are responsible for payment of management fees for properties that are completed but not yet sold or delivered.

During the Track Record Period, all property management companies engaged by us for the provision of pre-delivery and sales office property management services were Independent Third Parties, except for Yancheng Gangan Property Management Company Limited and Jiangsu Yancheng Gang'an Property Management Co., Ltd.. For details relating to Yancheng Gangan Property Management Company Limited and Jiangsu Yancheng Gang'an Property Management Co., Ltd., please refer to "Relationships with our Controlling Shareholders and Non Competition Undertaking" in this prospectus.

PROJECT FINANCING

We finance our projects primarily through internal cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, bank and other borrowings. During the Track Record Period, we entered into several trust and other financing arrangement to finance the property development of our projects. We also received advances from Controlling Shareholders and non-controlling interests and capital contribution from our third party business partners to finance our projects. We aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

Sale and Pre-sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our construction costs, make interest payments and repay debt obligations.

Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. Please refer to "— Property development and sales process — Sales and marketing — Pre-sale" above and "Regulatory Overview — Laws and regulations governing real estate transfer and sale and lease — Regulations on sale of commodity buildings" in this prospectus for further details.

Bank and Other Borrowings

Bank and other borrowings are our primary source of external financing. As of December 31, 2017, 2018 and 2019, our outstanding bank and other borrowings amounted to RMB317.5 million, RMB856.1 million and RMB2,853.3 million, respectively.

BUSINESS

Our ability to obtain financing from banks for our projects depends on various economic measures introduced by the central and local governments. 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 bank loans may be granted with respect to projects for which the land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits have not been obtained. On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratios for Fixed Asset Investment Projects (關於調整固定資產投資項目資本金比例的通知), which stipulates a minimum capital requirement of 20% for ordinary commodity apartments and indemnificatory housing and a minimum capital requirement of 30% for other real estate development projects. On September 9, 2015, the State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (關於調整和完善固定資產投資項目資本金制度的通知), according to which the minimum capital ratio for other real estate development projects is adjusted from 30% to 25%. Please refer to “Regulatory Overview — Regulations on Foreign Investment in a real estate enterprises” in this prospectus for details.

Trust Financing Arrangements

Similar to other property developers in the PRC, we occasionally enter into financing arrangement with trust companies in our ordinary course of business to finance our property development projects. Among our development projects, Hanlin Capital (翰林首府) and Xi Yue (熙悅) were financed by the Type I Arrangements, whilst Ganglong-Bo Yue Fu (港龍•鉞樾府), Jun Wang Mei Ting (君望美庭) and Ganglong Lakeside Mansion (港龍•湖光瓏樾) were financed by the Type II Arrangements. To ensure that the usage of funds obtained under the trust and other financing arrangements comply with the terms of those arrangements, our Group has implemented certain internal control policies in this respect. Each of such funds would first be deposited into the bank account of the relevant project company, whereby only certain personnel in the financial management department of the project company are designated as the authorized signatories. Depending on the specific terms of each of the trust financing arrangements, we would further customize these internal control policies; for example, (i) a supervised account would have to be set up to hold the trust funds, whereby the trust company has the rights to inspect the account statements and its approval is required before any withdrawal from the account; and (ii) the trust company would be entitled to request for provision of the supporting documents relating to the expenses. We believe that such financing arrangements, as compared with bank borrowings, usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, and therefore are effective alternative sources of funding for some of our projects.

Our trust financing arrangements are secured by one or more types of collateral, including land use rights of the project, shares of the relevant project company and partnership interest of the partnership holding the relevant project company. Upon the maturity of the trust financing arrangement and the satisfaction of repayment, the corresponding interest will be transferred back to us and/or the corresponding pledges or liens will be released. We believe that our trust financing arrangements are in line with the current industry practice in the PRC.

As of April 30, 2020, the outstanding amount of our trust financing arrangements amounted to RMB1,523.6 million, which accounted for 26.4% of our total borrowings (including bank and other borrowings). For additional information as to the PRC laws and regulations applicable to trust financing arrangements, please refer to “Regulatory Overview — Laws and regulations governing real estate transfer and sale and lease — Regulations on Trust Financing” in this prospectus.

BUSINESS

Key Terms of Type I Arrangements

As of April 30, 2020, we had two trust financing arrangements with two trust companies (collectively “**Type I Arrangements**”), which are all Independent Third Parties and well-established institutions in the PRC. The details of our Type I Arrangements are as follows:

Number	Financial Institution	Annual Interest Rate	First Loan Drawdown Date	Maturity Date	Collateral	Veto rights of financial institution	Balance as of December 31, 2019	Balance as of April 30, 2020
							(RMB'000)	(RMB'000)
1	Huaxin Trust Co., Ltd.* (華信信託股份有限公司)	7.86%	August 5, 2019	August 5, 2022	Lien of land use right of the land parcel located at the south of Hebin East Road and the east of Xin'an Road, Hai'an High-tech Industrial Development Zone, Nantong City, Jiangsu Province	No	400,000	300,000
2	Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司)	12.0%	April 30, 2020	April 30, 2021/April 30, 2022 ⁽¹⁾	Pledge of 51% shareholding of Rudong Gangda and lien of the land use right of the land parcel located at 399 Changjiang Road, north of Zhujiang Road and west of Zhongshan Road, Rudong County, Nantong City, Jiangsu Province	No	-	105,900

⁽¹⁾ For the first loan drawdown, April 30, 2021 and for subsequent loan drawdowns, 1 year after such drawdown but no later than April 30, 2022

Under Type I Arrangements, the lenders have security interests in the form of liens of the land use rights of the projects and/or pledge of shares of the project companies. However, the equity interests in the project companies are not transferred to the lenders.

The lenders do not have rights to participate in the project companies' shareholders' meetings or board meetings, nor do they have any veto rights in any form. Generally, we are not required to obtain the prior consent from the lenders in respect of operational activities in our ordinary course of business.

As our Type I Arrangements are similar to typical bank loans and do not involve transfer of equity interests in the project companies, the lenders can only exercise creditor's rights and have minimum, if any, control over project companies' business operations. The security interests created under our Type I Arrangements will be released upon repayment of the principal of, and any other amount due under, such financing. We believe our Type I Arrangements will not affect our control over the project companies.

BUSINESS

Key Terms of Type II Arrangements

As of April 30, 2020, we had three trust financing arrangement (“**Type II Arrangement No.1**”, “**Type II Arrangement No.2**” and “**Type II Arrangement No. 3**”, respectively) with a trust company, which is an Independent Third Party and a well-established institutions in the PRC (collectively “**Type II Arrangements**”). The details of our Type II Arrangements are as follows:

Number	Financial Institution	Annual Interest Rate	First Loan Drawdown Date	Maturity Date	Collateral	Veto rights of financial institutions	Balance as of December 31, 2019	Balance as of April 30, 2020
							(RMB'000)	(RMB'000)
1	Shanghai AJ Trust & Investment Co., Ltd* (上海愛建信託投資有限責任公司)	13.0%	September 27, 2019	18 months after the first draw down date	47.6% of the partnership interest of Shanghai Zhenhong which holds 99% shareholding of Shanghai Jiuyi, which indirectly holds our project company Shaoxing Gangxing	Yes	333,000	333,000
2	Shanghai AJ Trust Investment Co., Ltd* (上海愛建信託投資有限責任公司)	14.0%	January 10, 2020	12 months after the first draw down date	48.99% of the partnership interest of Shanghai Feihuan which holds 99% of Shanghai Tianhong, which directly holds our project company Shaoxing Gangtong	Yes	–	653,700
3	Shanghai AJ Trust Investment Co., Ltd* (上海愛建信託投資有限責任公司)	14.0%	April 23, 2020	18 months after the first draw down date	48.95% of the partnership interest of Shanghai Zhenchong which holds 99% of Shanghai Ganglai, which directly holds our project company Yixing Gangheng	Yes	–	131,000

Our Type II Arrangements involve transfer of equity interests in the project companies to the lender. We will be able to redeem our equity interest in the relevant project companies at a predetermined price affixed by the then valuation report in a fixed term or an earlier date if certain business performance targets are achieved.

Equity Transfer

Under our Type II Arrangements, part of our equity interests in the relevant project companies are transferred to the lender. During the terms of our Type II Arrangements, the lender is an indirect shareholder of the relevant project companies.

Board Representation

Under Type II Arrangement No.1, the lender and we are entitled to appoint one director and two directors, respectively, out of the three board seats of Shaoxing Gangxing. Under Type II Arrangement No.2, the lender, our third-party business partner of the relevant project company and we are entitled to appoint one director, two directors and two directors, respectively, out of the five board seats of Shaoxing Gangtong. Under Type II Arrangement No.3, the lender and we are entitled to appoint one director and two directors, respectively, out of the three board seats of Yixing Gangheng.

BUSINESS

Daily Operational Management

Under our Type II Arrangements, we retain the right to conduct daily operational management of the project companies. As of the Latest Practicable Date, the lender had not actively participated in or intervened in the day-to-day operation of the relevant project companies.

Repayment

The terms of our Type II Arrangements were around 12 to 18 months. We are obliged to make full repayment of the borrowings under Type II Arrangements in order to redeem the relevant equity interests in the relevant project companies from the lender and discharge other encumbrances over the relevant equity interests.

If we fail to perform our repayment obligations on time, we will be subject to penalties for the late payment as specified in the relevant agreements or subject to enforcement actions against the security interests, which could affect our ownership of the relevant project companies.

We expect that we will satisfy our repayment obligations under our trust financing arrangements by utilizing our internal resources. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements.

Under our Type II Arrangements, we retain the right to conduct daily operational management of the relevant project companies. We are obliged to make full repayment of the borrowings in order to redeem the relevant equity interests in the relevant project company from the lender and discharge other encumbrances over the relevant equity interests. During the Track Record Period and up to the Latest Practicable Date, the lender had not actively participated in or intervened in the day-to-day operation of the relevant project companies and had not exercised or, as far as we are aware, sought to exercise control of the relevant project companies. Based on the above, our Directors consider that we maintain control over the relevant project companies and the risk of losing control over them is remote. As such, our Group does not derecognise our equity interest in the subject group companies but treated our Type II Arrangements as borrowings in the consolidated financial statements.

Regarding our Type II Arrangement No. 1, the repayment is in the form of distribution of profit of Shanghai Zhenhong, where (i) the lender will first receive the distributable profit until it receiving an amount equivalent to the balance plus a return with annual percentage rate of 13.0% for Type II Arrangement No.1; (ii) after such distribution in (i) above, we will receive the remaining distributable profit (if any) until we receiving an amount equivalent to our total investment plus a return with annual percentage rate of 9.0%; and (iii) after such distribution in (ii) above, we and the lender will receive 80.0% and 20.0% of the remaining distributable profit (if any) estimated as of the pre-determined date mentioned below, respectively. All such profit distribution as mentioned above will be fully settled on or before a pre-determined date under the financing arrangement, which is the earliest among certain maturity events, including (a) the Maturity Date, (b) items (i) above having been fully repaid or (c) the underlying development project having pre-sold 85% of its residential units; after which we will redeem all of the relevant equity interest of the project company and the lender will no longer have any interest in or be entitled to any form of distribution from the project company.

Regarding our Type II Arrangement No. 2, the repayment is in the form of distribution of profit of Shanghai Feihuan, where (i) the lender will first receive the distributable profit until it receiving an amount equivalent to the balance plus a return with annual percentage rate of 14.0%; (ii) after such distribution in (i) above, we and our third-party business partner will receive the remaining distributable profit (if any) until we and our third-party business partner receiving an amount equivalent to our and their respective total investments plus a return with annual percentage rate of 14.0%; and (iii) after such distribution in (ii) above, the lender will receive 20.0% and we and our third-party business partner will

BUSINESS

share (based on our and their respective total investments) 80% of the remaining distributable profit (if any) estimated as of the pre-determined date mentioned below, respectively. All such profit distribution as mentioned above will be fully settled on or before a pre-determined date under the financing arrangement, which is the earliest among certain maturity events, including (a) the Maturity Date, (b) items (i) above having been fully repaid or (c) the underlying development project having pre-sold 85% of its residential units; after which we and our third-party business partner will redeem all of the relevant equity interest of the project company and the lender will no longer have any interest in or be entitled to any form of distribution from the project company.

Regarding our Type II Arrangement No.3, the repayment is in the form of distribution of profit of Shanghai Zhenchong, where (i) the lender will first receive the distributable profit until it receiving an amount equivalent to the balance plus a return with annual percentage rate of 14.0%; (ii) after such distribution in (i) above, we will receive the remaining distributable profit (if any) until we receiving an amount equivalent to our total investment plus a return with annual percentage rate of 14.0%; and (iii) after such distribution in (ii) above, we and the lender will receive 80.0% and 20.0% of the remaining distributable profit (if any) estimated as of the pre-determined date mentioned below, respectively. All such profit distribution as mentioned above will be fully settled on or before a pre-determined date under the financing arrangement, which is the earliest among certain maturity events, including (a) the Maturity Date, (b) items (i) above having been fully repaid, (c) the underlying development project having pre-sold 85% of its residential units or (d) an agreed upon date after the Maturity Date, in which the annual percentage rate will be 21%; after which we will redeem all of the relevant equity interest of the project company and the lender will no longer have any interest in or be entitled to any form of distribution from the project company.

Compliance with PRC Laws

Our PRC Legal Adviser is of the opinion that all of the agreements entered into by our Group under or relation to the aforementioned trust and other financing arrangements including, without limitation, the shareholding entrustment agreements do not contravene any mandatory provision of applicable PRC laws and administrative regulations and are valid and binding on the signing parties.

Other Borrowings

As an additional source to finance our projects, during the Track Record Period, we received advances from our Controlling Shareholders and non-controlling interests. For further details, please refer to “Financial Information — Liquidity and capital resources — Net cash generated from financing activities”.

For our jointly developed projects, we typically receive capital contribution from our third-party business partners which would (i) lessen our cash flow pressure on land bidding; (ii) lower our share of the capital investment and development costs of the property development projects; and (iii) allow us to take part in more property development projects and achieve risk diversification. For further details, please refer to “— Our business model and cooperation with third-party business partners” above.

BUSINESS

WORKING CAPITAL MANAGEMENT

Working capital management policies

In light of the fact that our property development projects require significant initial capital outlay and have long development cycles and payback periods, we have put in place our working capital management policies to closely analyse, monitor and control the cost and budget of each project and future plans to improve our working capital during our course of business, details of which are set out below:

Cost and budget management for each project

- (a) during our opportunity identification stage, our investment decision committee would determine the feasibility of a potential development opportunity from a cost and budget perspective base on the feasibility report and information from our functional centers, including cost estimation, financial and tax estimation and financial analysis. Please refer to “Our project management and operation — our project development and sales process — opportunity identification” above;
- (b) since 2015, we have enhanced our business model and land acquisition strategies by cooperating with third-party business partners with resources and/or local expertise in project development through jointly developed projects, where such arrangement would lessen our cash flow pressure on land bidding, lower our share of capital investment and development costs of the property development projects and allow us to take part in more property development project and achieve risk diversification. Please refer to “Our business model and cooperation with third-party business partners” and “Our project management and operation — our project development and sales process — land acquisition” above;
- (c) during our planning and design stage, our design management center would set out the cost and time requirements in our contract with the design company to ensure that such requirements are reflected in the construction blueprint. Please refer to “Our project management and operation — our project development and sales process — planning and design” above;
- (d) during our procurement, construction, monitoring and control stage, our cost management center would use our cost management system based on the construction blueprint to generate a master budget plan, with the relevant budgets for construction costs and raw materials to ensure the overall cost control during construction. Please refer to “Our project management and operation — our project development and sales process — procurement, construction, monitoring and control” above;
- (e) during our sale and marketing stage, our sales management center would get involved at the early stage of project development to ensure that our property developments are well positioned and priced with reference to market information relating to the location of our projects, such as, local pricing information, pricing of competitors projects, target customer group and estimated sales velocity. We have also established a pricing protocol for each project with a view to maximize our profitability. Please refer to “Our project management and operation — our project development and sales process — sales and marketing” above; and
- (f) in respect of project financing, while we have multiple financing channels, we aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required. Please refer to “Project financing” below for further details.

Through the implementation of the abovementioned working capital management policies, our Directors confirm that, during the Track Record Period, the actual working capital needs of our property projects in general did not materially deviate from their respective initial estimated level of working capital requirement. Occasionally, we may experience understatements of estimated costs as compared to the actual costs incurred, which usually arise from additional construction work due to the refinement of

BUSINESS

design, or adjustment in construction work that is considered necessary to cope with the actual site conditions (for instance, extra ground foundation works due to soil condition). All such additional construction work which is not originally planned and/or foreseen and therefore not initially included in the construction agreements would give rise to unanticipated costs charged by our constructors. Besides, the labor costs and/or raw material prices may be subsequently adjusted in accordance with the relevant terms of contracts due to the fluctuation in market prices. Moreover, our working capital mainly relies on cash inflow from sales and pre-sales of properties developed by us and any subsequent delay in such sales schedule, however short, may inevitably affect our initial working capital planning. If considered necessary, we may have to obtain additional external financing to make up for such unanticipated shortfall which would in turn unavoidably incur extra finance costs. Despite so, our Directors consider that all such deviation from our initial working capital schedule did not give rise to any material adverse effect on our business, financial condition, or results of operations during the Track Record Period.

Future plans to improve our working capital

- (a) 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;
- (b) as part of our cost and budget management for each project mentioned above, we will continue 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; and
- (c) we intend to minimize our working capital required for a project by optimizing the installment schedules of payment to construction contractors and suppliers to match with the collection of our proceeds through negotiation and the establishment of strategic relationships. Although we typically settle our payment obligations to construction contractors by instalments in accordance with construction progress which is in line with industry practice, we would negotiate payment terms with construction contractors and suppliers to allow our Group to have longer payment and settlement periods.

Estimated future development costs and source of funding

During the Track Record Period, we paid total land costs of RMB10,908 million and aggregated development costs of RMB5,265 million, respectively. As of December 31, 2019, we had a property portfolio of 62 development projects in 22 cities at various stages of development, among which 33 property projects were developed by our subsidiaries. Subsequent to December 31, 2019 and up to the Latest Practicable Date, we further commenced constructions for two new development projects, acquired one parcel of land and entered into two joint ventures for future development, amounting to a property portfolio of 67 existing development projects as of the Latest Practicable Date.

BUSINESS

The following table sets out, for illustrative purpose, a comparison between the estimated future expenditures for the said 67 existing development projects and anticipated available sources of funding subsequent to the Track Record Period and up to the next 12 months from the date of this prospectus:

	For the year ending December 31, 2020	For the six months ending June 30, 2021
	(RMB in million)	(RMB in million)
Anticipated available source of funding		
Sales and pre-sale proceeds	15,879	5,797
Proceeds from bank and other borrowings	4,119	260
Gross proceeds of the Global Offering	1,186	—
Total	<u>21,184</u>	<u>6,057</u>
Estimated future expenditures		
Estimated payment for development costs	9,078	3,023
Planned payment for land use rights	1,753	—
Planned investment in joint ventures	353	—
Estimated future repayment to non-controlling interests	1,795	342
Planned repayment of bank and other borrowings	1,163	1,352
Others (Note)	1,453	1,372
Total	<u>15,595</u>	<u>6,089</u>
Net increase/(decrease) in working capital	5,589	(32)
Cash and cash equivalents at the beginning of the year/ period	1,052	6,641
Cash and cash equivalents at the end of the year/ period	<u>6,641</u>	<u>6,609</u>

Note:

Others mainly represents net cashflow of (i) income tax paid, (ii) interest received or paid, (iii) payments for employee benefit expenses, (iv) repayment or advances from/to joint ventures and associates, (v) purchases of property, plant and equipment and (vi) payments for Listing expenses.

Estimated payment for future expenditures and sources of funding are estimated based on the followings:

- It is assumed that we can timely obtain all required land use right certificates, construction land planning permits, construction work planning permits and construction work commencement permits as planned given (i) we have setup a specific department, together with the local project company, responsible for managing and preparing the requisite reports and filings to ensure we obtain the necessary governmental approvals, permits and licenses for our projects; (ii) we will not experience material difficulties in obtaining required approvals, permits and licenses that would result in a significant delay in the construction schedule or progress of our development projects during the Track Record Period; and (iii) our Directors confirmed that our Group has obtained the requisite approvals, permits and licenses for construction of our existing projects as planned as of the Latest Practicable Date;
- It is assumed that there will be no significant changes in the PRC political, legal, fiscal or economic conditions and there will be no material changes in the applicable PRC rules and regulations;
- It is assumed that there will be no material delay in development and no significant change in our latest sales timetable and development schedules of our existing projects;
- Estimated payment for development costs are estimated based on latest budget of our existing projects of our subsidiaries, and it is assumed that the actual construction costs will not deviate materially from the latest budget. Development costs of our joint ventures and associates are not taken into account and reflected in the above comparison. Our Directors are of the view

BUSINESS

that the results of our investments in joint ventures and associate should be accounted for using the equity method of accounting, and accordingly development costs of joint ventures and associates are not accounted for directly in our Group's financial information pursuant to the accounting policy of our Group;

- Sales and pre-sale proceeds are estimated based on our latest sales timetable and estimated contracted sales in respect of 32 and 20 projects, estimated total GFA sold of approximately 1,147,000 sq.m and 463,000 sq.m, and estimated ASP of approximately RMB13,800 per sq.m. and RMB12,500 per sq.m., for the year ending December 31, 2020 and six months ending June 30, 2021, respectively, after taking into account the saleable GFA unsold as of the Valuation Date, our historical average sell-through rates, the historical average selling prices or the latest market prices of properties in the proximity to our existing projects, receivables from contracted sales as of December 31, 2019, and the latest development of the commodity residential property market in the second-tier and third-tier cities in the PRC; it is assumed that none of the sales contracts that we have entered into as of the Valuation Date will be cancelled subsequently and that the pre-sale permits will be obtained timely according to the development schedules of our existing projects;
- We are not aware of any legal, financial or operational impediment for us to timely obtain the relevant pre-sale permits according to the development schedule of our existing projects on the basis that (i) our emphasis on project monitoring, as well as quality, progress and cost control, has enabled us to have during the Track Record Period, timely provided the requisite documents to the relevant authorities and obtained the relevant pre-sale permits (which mainly relate to payment of land grant fees, title to the relevant land parcels, investment payment for construction costs and schedule of overall development schedule and the construction progress as well as other details of the subject pre-sale properties); (ii) we have sufficient working capital to support the development and construction of our existing projects so as to meet the requisite construction progress for applying the relevant pre-sale permits; (iii) we have taken into account the latest sales timetables of our projects after assessing the impact of the delay on our construction progress due to the outbreak of COVID-19 as disclosed under the section headed “— COVID-19 Outbreak” below; and (iv) the construction progress of our property projects under development were generally on schedule as of the Latest Practicable Date;
- Estimated future repayment to non-controlling interests represents net cash outflow to non-controlling interests of our jointly developed projects, which comprise planned development costs and land costs to be borne by relevant third party business partners of individual projects; and estimated repayment to and advances from non-controlling interest based on the anticipated level of working capital for development of respective projects in the relevant periods;
- Proceeds and repayment of bank and other borrowings are estimated based on borrowing schedules and repayment schedules as agreed in the relevant bank loan, trust financing and other borrowing agreements generally with reference to the project milestones, construction stages and/or loan periods;
- Planned investment in joint ventures represent payments for our investment in two joint ventures development projects pursuant to the cooperative agreement entered into in May and June, 2020. Please refer to “Summary — Recent development” for further details; and
- For illustrative purpose, gross proceeds of the Global Offering are calculated based on low-end of the Offer Price range (after Downward Offer Price Adjustment) of HK\$3.24 per Offer Share, assuming the Over-allotment Option is not exercised, and no Shares are issued pursuant to any options which may be granted under the Share Option Scheme.

Based on our working capital management policies and a comparison of our estimated future expenditures and available source of fundings above, our Directors consider that we would be able to have sufficient working capital to fund the land acquisition, investment and development costs of our existing development projects.

BUSINESS

MAJOR SUPPLIERS AND CUSTOMERS

Suppliers

During the Track Record Period, our five largest suppliers consist of construction contractors, electricity works supply contractors, foundation contractor and decoration engineering contractor. For the three years ended December 31, 2019, purchases from our five largest suppliers, which were all Independent Third Parties, accounted for 58.8%, 30.1%, and 22.1% of our total purchases excluding land purchases, respectively, and purchases from our single largest supplier accounted for 25.2%, 10.6% and 6.6% of our total purchases excluding land purchases, respectively. As of December 31, 2019, we have 7 months to 7 years of business relationships with our five largest suppliers during the Track Record Period.

To the best knowledge of our Directors, none of our Directors, their respective close associates or Shareholders who own five per cent or more of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

Our customers are individual and corporate purchasers of our properties. For the three years ended December 31, 2019, revenue contributed by our five largest customers accounted for 5.4%, 4.0% and 2.5%, of our total revenue, respectively and revenue from our largest customer accounted for 1.5%, 2.5% and 1.3%, of our total revenue, respectively. All of our five largest customers during the Track Record Period were Independent Third Parties.

During the Track Record Period, one of our five largest customers, which principally engages in providing property agency services, was our service provider. Such service provider contributed RMB25.5 million or 1.3% of our revenue for the year ended December 31, 2019. For the year ended December 31, 2019, we had paid sales commission which amounted to a total of RMB223,000 to such service provider, which accounted for 0.1% of our selling expenses of the relevant period. Our Directors confirmed that the transactions were conducted on arm's length basis and on normal commercial terms during our ordinary course of business. To the best knowledge and belief of our Directors, apart from the Service Provider, none of our customers during the Track Record Period was also a supplier of our Group.

To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders who own five per cent or more of our issued capital had any interest in any of our five largest customers or any of our tenants during the Track Record Period.

LEASED PROPERTIES USED BY US

As of the Latest Practicable Date, we leased 211 properties with a total GFA of 32,532.95 sq.m. mainly used as staff dormitory, car parking spaces and office premises. Our leases generally have a term ranging from one to five years. Save as the Office Tenancy Agreement (as define below) disclosed below, all of our landlords are Independent Third Parties. As of the Latest Practicable Date, we failed to register 193 lease arrangements as tenant. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their 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 Adviser has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. Please refer to "Risk Factors — Risks relating to our business — We may be subject to fines due to the lack of registration of our leases" in this prospectus for details.

As of the Latest Practicable Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. 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.

BUSINESS

In order to ensure on-going compliance with the PRC laws and regulations relating to the registration of executed lease agreements, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities. However, as we do not control the landlords, there is no assurance whether and when our landlords will register the leases.

As of the Latest Practicable Date, none of the properties we owned are for self-use.

Office Tenancy Agreement

On March 1, 2019, Ganglong Realty (as tenant) has entered into an office tenancy agreement (“**Office Tenancy Agreement**”) with Mr. Xie Jianqing (“**Mr. Xie**”) and his spouse Ms. Shi Weiqin (“**Ms. Shi**”) (as landlords) in respect of the premises located at 25/F Huajing Building, Changzhou, the PRC (the “**Premises**”). Mr. Xie, the executive president of our Group, is a director of certain subsidiaries of our Company, and therefore is a connected person of our Company under Rule 14A.07(1) of the Listing Rules. Ms. Shi, as an associate of Mr. Xie is also a connected person of our Company under Rule 14.07(4) of the Listing Rules.

The principal terms of the agreements are set out below:

Landlord	Tenant	Premise	Term	Annual rental	Total Rental
Mr. Xie and Ms. Shi	Ganglong Realty	944.34 sq.m. of the Premises	For a term of 3 years commencing from March 1, 2019 and expiring on February 28, 2022	RMB1,034,052 per year (exclusive of management fee, VAT and outgoings)	RMB3,102,156 (exclusive of management fee, VAT and outgoing)

The terms of the Office Tenancy Agreement (including the rental) were determined after arm’s length negotiations between the parties, taking into account the market conditions and the market rental of comparable properties in similar location prevailing at the commencement of the tenancy.

Reasons for and benefit of the transaction

Since 2013, our Group has been leasing the abovementioned property for use as our office in Changzhou. As our office is well established, we currently do not, and in the foreseeable future will not, have any plan to relocate to alternative properties, which we believe is in the interest of our Company and our Shareholders as a whole for the sake of operational stability.

Historical transaction amounts

The aggregate amounts of rent paid by our Group to Mr. Xie and Ms. Shi in respect of the Premises for each of the three years ended December 31, 2019 amounted to RMB1.4 million, RMB1.0 million and RMB0.8 million respectively.

Accounting treatment of the Tenancy Agreements

Our Group has consistently adopted HKFRS 16 to our Group’s consolidated financial statements throughout the Track Record Period, pursuant to which, at the commencement date of a lease, our Group as lessee shall recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Accordingly, the lease transaction under the Office Tenancy Agreement would be regarded as an acquisition of an asset by the tenant for the purpose of the Listing Rules.

BUSINESS

Implication under the Listing Rules

Although the Office Tenancy Agreement was subsisting as of the Latest Practicable Date, and we expect to make further payments to Mr. Xie and Ms. Shi after the Listing pursuant to the terms of the Office Tenancy Agreement, given the Office Tenancy Agreement was entered into prior to the Listing and the transaction thereunder are accounted for as one-off in nature under HKFRS 16, the transaction (including further rental payments to be made by us pursuant to the terms of the Office Tenancy Agreement) will not be classified as a notifiable transaction under Chapter 14 of the Listing Rules or connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, and will not be subject to any of the reporting, announcement, circular and independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

In the event of any material changes to the terms and conditions of the Office Tenancy Agreement, we shall comply with Chapters 14 and 14A of the Listing Rules (as the case may be) in respect of such changes as and when appropriate, including, where required, seeking independent Shareholders' approval prior to effecting such changes. Following the Listing, in case we renew the Office Tenancy Agreement with Mr. Xie and Ms. Shi, we shall comply with Chapters 14 and 14A of the Listing Rules (as the case may be) as and when appropriate.

Confirmation From Directors

According to a fair rent opinion issued by our Property Valuer, the amount of rental in respect of the Premises represents the market rental of comparable properties in a similar location prevailing at the commencement of the tenancy and the terms (including the rental fee and direction) of the Office Tenancy Agreement are fair, reasonable and on normal commercial terms. Having considered the fair rent opinion, our Directors (including the independent non-executive Directors) confirm that the Office Tenancy Agreement has been entered into in the ordinary and usual course of the business of our Group, is based on normal commercial terms or better and its terms are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

OWNED PROPERTIES HELD FOR INVESTMENT

As of the Latest Practicable Date, we held retail units in four properties that were developed and held by us for investment purpose, all of which were situated in Changzhou in Jiangsu province, with a total gross floor area of 12,499.73 sq.m. For the three years ended December 31, 2019, our income from leasing out our investment properties amounted to RMB0.93 million, RMB1.78 million and RMB5.1 million, respectively.

Please refer to properties numbered 36, 37, 38 and 39 in the valuation report as set out in "Appendix III" to this prospectus for further information on the properties held for capital appreciation.

AWARDS AND RECOGNITIONS

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>Recipient/Project</u>	<u>Award/Recognition</u>	<u>Awarding Authority</u>	<u>Year</u>
Ganglong Huayang	2019 Changzhou Five Star Enterprise (2019年度常州五星級明星企業)	People's government of Changzhou City (常州市人民政府)	2020
Ganglong Huayang	2018 Changzhou Star Enterprise (2018年度常州明星企業)	People's government of Changzhou City (常州市人民政府)	2019

BUSINESS

Recipient/Project	Award/Recognition	Awarding Authority	Year
Ganglong Huayang	2018 Changzhou Quality Engineering Award “Golden Dragon Cup” (2018年度常州市優質工程獎“金龍盃”)	Housing and Urban-Rural Construction Bureau of Changzhou City (常州市住房和城鄉建設局)	2019
Ganglong Huayang	2018 Advanced and Comprehensive Inspection Award in the 1st Construction Market of Changzhou City (常州市2018年第一次建築市場綜合大檢查綜合先進獎)	Urban-Rural Construction Bureau of Changzhou City (常州市城鄉建設局)	2018
Ganglong Huayang	2017 Changzhou Star Enterprise (2017年度常州明星企業)	People’s government of Changzhou City (常州市人民政府)	2018
Ganglong Realty.....	2016-2017 Enterprise of Observing Contract and Valuing Credit (2016-2017年度守合同重信用企業)	Changzhou Administration for Industry and Commerce (常州市工商行政管理局)	2018
Ganglong Huayang	2016 Top Ten Enterprises of Real Estate Developer (2016年度房地產十佳企業)	Housing and Urban-Rural Construction Bureau of Wujin District of Changzhou (常州市武進區住房和城鄉建設局)	2017
Ganglong Realty.....	2015-2016 Enterprise of Observing Contract and Valuing Credit (2015-2016年度守合同重信用企業)	Jiangsu Province Administration for Industry and Commerce (江蘇省工商行政管理局)	2017
Ganglong Realty.....	2014-2015 Enterprise of Observing Contract and Valuing Credit (2014-2015年度守合同重信用企業)	Changzhou Administration for Industry and Commerce (常州市工商行政管理局)	2016
Ganglong Realty.....	2013-2014 Enterprise of Observing Contract and Valuing Credit (2013-2014年度守合同重信用企業)	Jiangsu Province Administration for Industry and Commerce (江蘇省工商行政管理局)	2015
Ganglong Realty.....	2014-2015 Grade AAA Trusted Enterprise (2014-2015年信用(合同)AAA級企業)	Changzhou City Enterprise of Real Estate Integrity Review Committee (常州市企業信用(合同)評審委員會)	2015
Ganglong Realty.....	2013-2014 Grade AAA Trusted Enterprise (2013-2014年信用(合同)AAA級企業)	Changzhou City Enterprise of Real Estate Integrity Review Committee (常州市企業信用(合同)評審委員會)	2014

BUSINESS

Recipient/Project	Award/Recognition	Awarding Authority	Year
Ganglong Mingyang	2014 Advanced and Comprehensive Inspection Award in the Construction Market (2014年第二次建築市場綜合大檢查活動中綜合先進獎)	Urban-Rural Construction Bureau of Changzhou City (常州市城鄉建設局)	2014
Yancheng Ganglong	Advanced Enterprises in Real Estate Industry and Construction Development (建築業發展和房地產開發先進企業)	Housing and Urban-Rural Construction Bureau of Yandu District of Yancheng City (鹽城市鹽都區住房和城鄉建設局)	2013
Ganglong Mingyang	Advanced and Comprehensive Unit in Third Quarter 2011 — Ganglong Zijing Cheng (港龍紫荊城-2011年三季度綜合先進單位)	Urban-Rural Construction Bureau of Changzhou City (常州市城鄉建設局)	2011

COMPETITION

We have mainly operate in various cities in the Yangtze River Delta Region and expect to expand into other new markets outside of the region, such as the Central Region in the PRC. We believe that the residential property markets in the cities we have operated in, expect to expand into and elsewhere in the PRC are highly competitive and fragmented. Our existing and potential competitors include major domestic property developers, especially those operate in the aforesaid cities. The rapid development of these cities in recent years has led to a diminishing supply of undeveloped land in desirable locations in these regions. Moreover, the PRC government has implemented policies to tightly control the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

We compete with other property developers in a number of aspects, including but not limited to land acquisition, brand recognition, financial resources, prices, product quality, service quality and other aspects. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition. There is no assurance that we will be able to continue to compete effectively in our industry. Please refer to “Risk Factors — Risks Relating to Our Industry — We face intense competition, which may materially and adversely affect our business, financial performance and results of operation” and “Risk Factors — Risks Relating to Our Business — Our growth and expansion into new cities, regions and new geographical markets present certain risks and uncertainties” in this prospectus for details.

Despite the high level of competition, we consider that we have demonstrated resilience to market changes and competition with our substantial experience and reputation in operational management, prudent project planning, cost management and high-quality property products and services. Further, given our brand recognition and strong execution capabilities, we believe we can react promptly to the challenges in the PRC real estate market.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, our Group had registered various trademarks and domain names in the PRC and Hong Kong.

For detailed information regarding the intellectual property rights of our Company, please refer to the section headed “Appendix V — Statutory and General Information — C. Intellectual property rights of our Group” of this prospectus.

BUSINESS

INSURANCE

There are no national mandatory provisions under the applicable PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their property development operations. We do not maintain any insurance policies for our development projects. Instead, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreement. We maintain insurance, including social insurance, for our employees as required by applicable PRC laws and regulation and as we consider appropriate for our business operations.

As required by banks with respect to properties that have been pledged as collateral to secure bank loans, we have obtained property damage and third-party liability insurance for such properties in accordance with the relevant loan agreements.

We are of the view that we have maintained adequate insurance coverage for our operations and that the scope of our coverage is in line with the industry norms. However, there are certain risks that we are not insured or which we may not have sufficient insurance coverages for losses, damages and liabilities that may arise in the course of our business operation. Please refer to “Risk Factors — Risks Relating to Our Business — Current insurance coverage may not be adequate to cover all risks related to our operations” in this prospectus for details.

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operation. We adopt technology information system provided by third parties to facilitate our business needs. We maintain an IT system that keeps pace with the expansion of our business and is customized to meet our business needs.

However, 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 system 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. In addition, it is our policy to conduct regular reviews of our IT system and perform the necessary upgrades to prevent and address those potential issues. As of the Latest Practicable Date, we did not experience any disruptions to our IT system that materially impacted our business operations.

Construction, Sales and Operation Management System

To effectively manage our project development process, we utilize an OA system and ERP to support our daily operation, management and planning functions. Our OA system helps to improve work efficiencies by providing a platform to standardize daily administration work process. The OA system includes various functions, which include conference management, task collaboration tool, transportation arrangement, reimbursement system and clientele management. The ERP system is mainly responsible for cost control, sales management and project management. Through our ERP system, we are able to collect real time data as to the sale of our properties, material procurement, costs and construction status, which enables our management to keep track and review these data. The ERP system also allows our management to approve relevant transactions and adjust prices and construction schedule due to changing market conditions or other factors as necessary. Through the application of our ERP system, our management is able to monitor the status of our project development, the system enables us to enhance our operating efficiency and our ability to develop multiple projects across different regions in China effectively.

BUSINESS

INTERNAL CONTROL AND RISK MANAGEMENT

We recognize that risk management is critical to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion.

We have established a comprehensive risk management and internal control system, which consist of an organization framework, as well as policies, procedures and risk management methods that we consider to be appropriate for our business operations. The system is designed to allow us to identify, report and address in a timely and systematic manner, those risk and incidents that may significantly affect our performance or otherwise expose us to significant losses, liability or non-compliance with applicable laws and regulations, and we are dedicated to continually improving such system. Our risk management system comprises the formulation and implantation of a set of policies and procedures relating to relevant risk areas, such as legal compliance, including compliance with contracts, laws and regulations, construction quality, safety, environmental matters. We are constantly monitoring the effectiveness of our risk management system. Our internal control system covers various aspect of our operations, including information system control, procurement and accounts payable control, cash management, compensation management and financial reporting control.

We have established an audit committee in compliance with the Listing Rules and the Code and Corporate Governance Practices as set out in the Listing Rules. The audit committee is responsible for providing an independent view of effectiveness of the financial reporting process, internal control, corporate governances and risk management systems of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

In preparation of the Listing, we engaged an independent external consulting firm (the “**Internal Control Consultant**”) to review our internal control systems and procedures (the “**Internal Control Review**”) in November and December, 2018.

The scope of the Internal Control Review included entity-level controls and business process controls, including property development, purchase and payable, construction management, sales of property, treasury management, human resources management, financial reporting and disclosure, taxation and IT general controls.

The Internal Control Consultant provided recommendations for our management’s consideration to enhance our internal control measures. We have taken actions to adopt the recommended measures and procedures to enhance our internal control system.

The table below sets out the selected major findings and recommendations identified by the Internal Control Consultant in their Internal Control Review and actions we have taken to enhance our internal control measures:

	<u>Internal Control Consultant’s major findings</u>	<u>Internal Control Consultant’s recommendation</u>	<u>Our actions</u>
1	Our Group did not establish a formal risk management policy and has not performed regular risk assessment exercise to identify and assess the key risks faced by our Group.	Our Group should formally establish a risk management policy and perform risk assessment exercise at least on an annual basis. The corresponding risk mitigation plans should also be established to address the key risks identified.	We have formally established policies and procedures regarding risk management in February 2019. We have also identified the key risks of our Group is facing, as well as established the respective action plans to mitigate the risks.

BUSINESS

	<u>Internal Control Consultant's major findings</u>	<u>Internal Control Consultant's recommendation</u>	<u>Our actions</u>
2	Our Group did not establish control mechanism for the identification, monitoring and reporting of related parties and connected transactions, as well as inside/price sensitive information for financial reporting and regulatory disclosure purposes.	Our Group should establish controls over the identification, monitoring and reporting of related parties and connected transactions, as well as inside/price sensitive information for financial reporting and regulatory disclosure purposes.	We have established policies and procedures to govern the identification, monitoring and reporting of related parties and connected transactions and inside/price sensitive information since February 2019.
3	Our Group did not formalize the cost management and variation order management procedures.	<p>Our Group should formalise and enhance the controls over cost management and variation order management. For example:</p> <ul style="list-style-type: none"> • Relevant policies and procedures governing the cost management and variation order management should be established; • Prior to each construction project, a project master plan, including target cost, should be established and submitted to the Cost Management Centre for approval. • All subsequent changes (such as construction materials and its unit cost), should be documented in a variation order and reviewed by relevant parties. Each variation order should be submitted to the Construction Department and Cost Management Centre for final approval. • For variation order greater than the predefined threshold, an addendum should be signed and approved by appropriate parties. 	We have strengthened the controls over cost management by adopting the suggested practice since January 2019.
4	Our Group did not formalize the tender management procedures.	<p>Our Group should establish policies and procedures governing tender management process. Procedures, evaluation criteria and segregation of duties for tender submission, evaluation and selection should be established and documented.</p> <p>All tendering supporting documents, with selection rationales, should be properly documented, approved and retained.</p>	We have strengthened the controls over tender management by establishing a tender management policy since January 2019.

BUSINESS

Internal Control Consultant's major findings	Internal Control Consultant's recommendation	Our actions
<p>5 Our Group did not establish controls over the monitoring of the delivery of units before passing the completion and acceptance inspections.</p>	<p>Our Group should establish controls to ensure the proof of completion and inspections acceptance should be obtained from relevant authorities before delivery of units to customers.</p> <p>A copy of such certificates should be sent to customer as a confirmation upon delivery.</p>	<p>We have designated the sales management team responsible for the sales of relevant project companies to monitor the status of completion and acceptance inspections and ensure that the units are only delivered after the completion certificate is obtained.</p> <p>Moreover, we have also implemented procedure upon which the completion certificate relevant to the particular project must be attached to the completion notice we send to our customers upon our delivery of properties to them since June 2019.</p>
<p>6 The Group did not settle all outstanding current accounts with the controlling shareholder.</p>	<p>The Group should enhance its treasury policy and clear all current account balance with the controlling shareholders before listing.</p>	<p>We have enhanced the treasury policy in February 2019 and will settle all outstanding amounts with the controlling shareholders before listing.</p>
<p>7 Our Group did not establish control mechanism to ensure the social security insurance and housing provident fund for its employee are fully paid.</p>	<p>Our Group should strengthen the internal controls over compliance with the relevant PRC laws and regulations and ensure the full contribution towards social insurance and housing provident fund for its employees.</p>	<p>We have adopted internal control measures to ensure that contribution for social security insurance and housing provident fund in respect of all of our employees are adequate since January 2019. In particular, we have designated the human resources department to calculate the social security insurance and housing provident fund contribution for our employees based on the requirement of the local social security and housing provident fund authorities. Our finance department would also review the payable contribution and implement record keeping procedures regarding payments of social security insurance and housing provident fund contributions.</p>

BUSINESS

The Internal Control Consultant performed a follow-up review in July, 2019 to review the status of the management actions taken by our Group to address the recommendations of the Internal Control Review (the “**Follow-up Review**”). The Internal Control Consultant raised no further recommendations in the Follow-up Review.

The Internal Control Review and the Follow-up Review were conducted based on the information provided by our Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

EMPLOYEES

As of December 31, 2019, we had 1,012 full-time employees, all of whom were based in the PRC. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2019:

Function	Number of Employees	% of All Employees
Accounting & Finance	92	9.1%
Administration	38	3.8%
Design	18	1.8%
Engineering and cost management	135	13.3%
Human resources	16	1.6%
Integrated management	85	8.3%
Investment	18	1.8%
Operational	29	2.8%
Research & development	14	1.4%
Risk management	15	1.5%
Sales & marketing	552	54.5%
Total	<u>1,012</u>	<u>100.0%</u>

OCCUPATIONAL HEALTH AND SAFETY

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. To maintain a safe working environment, we have established internal policies on safety management whereby different teams are assigned with different safety compliance responsibilities. We have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular training to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under applicable PRC laws and regulations, our construction companies are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction companies to purchase accident insurance in accordance with applicable laws and regulation, adopt effective occupational safety control measures and offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

During the Track Record Period, one of the construction companies engaged by us encountered an incident while constructing our projects that resulted in fatality of one construction worker. Such construction company has confirmed that it bore all the responsibilities and had settled all liabilities in relation to such incident. Our Directors confirmed that such incident did not cause any material adverse effect on our operations. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties with respect to non-compliance of PRC labor, health and safety laws and regulations had been imposed on us.

ENVIRONMENTAL MATTERS

We are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by the relevant local government authorities.

BUSINESS

Pursuant to applicable laws and regulations, each of our development projects must undergo an environmental assessment before the commencement of construction. We must also adhere to the legal standards in connection to our projects' design, construction and operation. We require our construction companies to comply with these standards during the construction process. We also encourage our construction companies to use environmental friendly equipment and technologies.

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) review our projects 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 three years ended December 31, 2019, we incurred environmental compliance costs of RMB239,000, RMB15,000 and RMB792,000, 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.

During the Track Record Period, we did not have any material breaches of environmental protection standards causing material adverse impact on our business operations and financial conditions.

To the best knowledge of our Directors, we had no material non-compliance or violations of environmental protection laws and regulations that would materially and adversely affect our business operations and financial conditions. Notwithstanding that we have effective measures in limiting air pollution, noise emission, sewage and waste discharge, our operations are subject to the increasingly stringent regulatory requirements on environmental protection. Please refer to "Risk Factors — Risks relating to our business — Compliance with PRC laws and regulations regarding health and environmental protection may result in substantial costs and delays in construction schedules" in this prospectus for the risks in association with our ongoing compliance with, among others, environmental protection laws and regulations.

None of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of their operations and up to the Latest Practicable Date.

COVID-19 OUTBREAK

The outbreak of COVID-19 in the PRC was first reported at the end of 2019 in the Hubei Province and has subsequently spread across the country. As a result of this outbreak, many business entities in Yangtze River Delta Region and other areas in China were generally required by the relevant PRC authorities to suspend their operations until February 10, 2020. According to the National Bureau of Statistics of China, as of March 25, 2020, approximately 96.6% of large and medium sized enterprises has resumed operation.

(a) Impact on our business operation

Our property projects

In terms of geographic locations, during the Track Record Period and up to the Latest Practicable Date, none of our property projects, whether developed by our subsidiaries, joint ventures or associated companies, are located in Hubei Province.

The outbreak of COVID-19 has resulted in suspension of construction of certain of our property projects, which has caused an estimated delay of: (i) the pre-sales of Jun Wang Mei Ting (君望美庭) and Xi Yue (熙悦) by three months, the expected pre-sales of Chun Xi Ji (春溪集) by about a month, Nature Image (泊翠瀾境) by about two months and Ganglong Lakeside Mansion (港龍•湖光瀾樾) by about three months; (ii) the expected completion date of Yunyue Heshan (雲樾河

BUSINESS

山) by about two months, Metropolis (新都會) by about three months and Xiang Lan Hua Ting (香瀾華庭) by about five months and (iii) the delivery date of Imperial Garden (頤和樾園) and the expected delivery date of Phase I of Ganglong – Park Mansion (港龍•東湖桃源第一期), Zha Xi Taoyuan (霄溪桃源) and Jiangnan Taoyuan (江南桃源) by about one month as compared to the schedules before the outbreak. Please refer to “Business — The portfolio of our property development projects” for the updated project schedule. As of the Latest Practicable Date, the pre-sales, delivery and construction of all our property projects had been resumed and our Directors believe that we are able to meet the new project schedules.

As a result of the abovementioned delay of the pre-sales or completion and delivery of certain of our property projects due to the outbreak in short term, on a year-on-year comparison, we estimated that our expected cash receipts of approximately RMB958 million from the pre-sales of properties of the affected projects will be delayed from 2020 to 2021, and the impact on our revenue generated from delivery of such affected projects will be insignificant as the delay in delivery of such projects are anticipated to be with the same financial year. Our payment of construction cost will also be delayed due to the temporarily suspension of constructions of those property projects.

Our employees

To the best knowledge of our Directors after making reasonable enquiries, as of the Latest Practicable Date, (i) our employees had resumed to work; and (ii) none of our employees, including our Directors and senior management, have been confirmed to be infected by COVID-19.

Our customers

As of the Latest Practicable Date, the Legislative Affairs Commission of the Standing Committee of the National People’s Congress (全國人大常委會法制工作委員會) has already classified the outbreak of COVID-19 as a force majeure event. In this connection, we are in the course of preparing letters to inform our relevant customers the delay of expected completion date and delivery date of certain of our property projects and that as the outbreak of COVID-19 is regarded as a force majeure event, such that we should not be liable for the relevant damages or claims as a result of delay in completing and delivering the above projects according to the contracts with our customers.

As of the Latest Practicable Date, we have not been involved in any legal proceedings or disputes in relation to delay in completing and delivering our property projects.

Our supply chain

According to the Industry Report, the overall price of construction materials for the property development in the PRC remained generally stable in the three months ended March 31, 2020, except a slight increase in the prices of the sand and cement in January 2020, and then such prices generally experienced a downward trend back to the level before the outbreak as of the Latest Practicable Date. In addition, while labor costs in China have been increasing in recent years, they remained stable in the three months ended March 31, 2020, due to the reduction in demand for the labor in the short term because of the suspension of construction of the property projects as required by the PRC government. As the construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, the contract price of our contracts with construction companies typically included the cost of raw materials with a price adjustment mechanism. In cases where the fluctuation in the relevant market prices of the relevant raw material exceed certain threshold, the contract sum with the construction companies may be adjusted. As such, to the extent that such raw material prices did not experience a material fluctuation, our Directors believe that the fluctuation of the prices of the construction materials does not have a direct and material adverse impact on our existing projects and our Group’s business as a whole.

BUSINESS

To the best knowledge of our Directors after making reasonable enquiries, as of the Latest Practicable Date, we have not been informed by any of our construction companies or suppliers that they are subject to specific suspension notice issued by the relevant local government due to the outbreak. Our construction companies and suppliers had resumed to work as of the Latest Practicable Date and our Directors and senior management will closely monitor the situation.

Based on the above, our Directors believe that we have not encountered any supply chain disruption caused by the outbreak. As a contingency plan, we will continue to actively communicate with our construction companies and suppliers from time to time and in the event that any of the construction companies experience a shortage of labour or construction materials, we may replace it with another construction company and supplier among our internal list with a view to minimise disruptions in the targeted schedule of our property projects.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delays in the supply of construction materials and labor which would have resulted in a material adverse impact on our operations.

Our hygiene and preventive measures

Our Group has adopted enhanced hygiene and preventive measures to prevent and limit any spread of COVID-19. These measures include: (i) sanitising our workplace regularly; (ii) requiring our staff to wear masks during work and to measure their body temperature when they arrive at work; and (iii) promoting hygiene among our employees. We have also implemented flexible working arrangements to allow some of our staff to work from home on a rotation basis in order to limit infection risks.

Having considered that (i) only a few number of our projects are expected to be affected in short term with project schedules delayed from one month to three months, except for the completion date of one project by five months, (ii) according to the Industry Report, it is believed that the double-digit drop in the sales area and sales amount of residential properties in the first four months of 2020 will be partially offset by recovery in the following months of 2020 as substantially all of the large and medium sized enterprises has resumed operation and the fundamentals of China's macro-economy have not been materially and adversely affected in the long term, (iii) the PRC government has taken various incentive policies to boost the economy, such as lowering taxes, increasing government investment, increasing the amount of the currency issued and lowering interest rates, (iv) continuing urbanization in PRC that provides the fundamental demand for residential properties for both first-timer buyers and upgraders, (v) the outbreak has caused minimal impact to our employees, customers and supply chain and we have adopted enhanced hygiene and preventive measures to prevent and limit any spread of COVID-19, our Directors considered that as of the Latest Practicable Date, the outbreak had caused no material adverse impact to our overall business operation.

(b) *Impact on our financial condition*

During the COVID-19 pandemic, we have continued to manage our working capital efficiently through our working capital management policies and continue to utilize our Group's available financial resources including proceeds from sales and pre-sales of our property projects and draw down of banking facilities and other borrowings, and optimized our payment schedule to contractors through negotiation based on the latest construction progress, such that our Group had maintained sufficient working capital for our operation during such period. For the three months ended March 31, 2020, we received sales and pre-sale proceeds in the amount of RMB2,558.2 million and proceeds from bank and other borrowings in the amount of RMB2,503.7 million, respectively to finance our operations, and recorded a net increase in our working capital.

BUSINESS

Our Directors conducted a worst case scenario analysis that the outbreak further prolongs such that our business is suspended and all transactions with our customers and suppliers are suspended. Based on such analysis, our Directors estimate that our Group will still be financially viable for around eight months from the Latest Practicable Date, taking into account our latest cash and cash equivalents and 10% of the net proceeds from the Global Offering (being the portion assigned for general working capital purpose), and based on the key assumptions that: (i) we will not receive cash from sales and pre-sales of properties due to suspension of businesses; (ii) we will not incur construction related costs due to the suspension of works; (iii) we will continue to incur minimal selling and marketing expenses and general administrative expenses, (iv) there will not be additional internal or external funding including advance from shareholders, advance from non-controlling shareholders or bank and other borrowings; and (v) we will continue to settle our payables when they fall due. The above analysis under the worst case scenario is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation would be remote. Therefore, in the unlikely event that the operation of our Group is materially affected, our Directors believe that our Group will have sufficient working capital for our operation.

In view of the outbreak, we have offered our online sales platform “Gang Fang Tong (港房通)” for the pre-sale of a number of our property projects. Such online sales platform is a *WeChat* mini-program that allows potential customers to view the marketing brochures of our relevant property projects and able to contact real estate agents to make enquiries or purchase units of our property projects through such mobile app. This online sales platform serves as an alternative marketing channel in addition to our traditional marketing efforts. Nevertheless, no sales was generated and recorded directly from the operation of such online sales platform up to the Latest Practicable Date, such online sales platform has successfully directed potential purchasers to us and the contracted sales directed from such online platform amounted to approximately RMB35.6 million for the three months ended March 31, 2020.

Although our contracted sales decreased by 12.7%, contracted sales attributable to our Group increased by 80.2% for the three months ended March 31, 2020 as compared to the same period in 2019. The significant growth of contracted sales attributable to our Group was mainly attributable to the addition of 12 projects developed by our subsidiaries which commenced pre-sale during April 2019 to March 2020 such that the number of projects developed by our subsidiaries available for sale during the first quarter of 2020 was significantly more than that in the first quarter of 2019. Our Directors believe that although demand in some of our projects may be adversely affected in the midst of the outbreak, we have not encountered material adverse impact on our overall sales as a whole due to the increase in the number of our projects from 2019 to 2020.

Having considered that (i) in the event of a worst case scenario that if the outbreak further prolongs, our Directors have assessed that our Group would still have sufficient working capital for our operation for around eight months from the Latest Practicable Date and (ii) we have not encountered material adverse impact on our overall sales as a whole, as the pre-sale, delivery and construction of all of our property projects had been resumed as of the Latest Practicable Date and only approximately RMB958 million, representing less than 6% of our estimated cash receipts from sales or pre-sales of properties in 2020, will be delayed from 2020 to 2021, our Directors consider that as of the Latest Practicable Date, the outbreak had caused no material adverse impact to our overall financial condition.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

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 suppliers and real estate agents, 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.

BUSINESS

LICENSES, PERMITS AND QUALIFICATION CERTIFICATES

As of the Latest Practicable Date, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all material licenses, permits and certificates for the purpose of operating our business.

The table below sets forth the details of the real property development qualifications of our subsidiaries as of the Latest Practicable Date:

Subsidiary	Qualification	Status	Classification
Ganglong Huayang	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 28, 2022	Class 1
Jiangsu Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on December 9, 2020	Class 2 (Provisional)
Changshu Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on July 24, 2020	Class 2 (Provisional)
Lianyungang Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on July 27, 2021	Class 2 (Provisional)
Yancheng Ganglong	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	In effect, expiring on January 21, 2022	Class 2
Guizhou Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on September 19, 2020	Provisional
Luoyang Ganglong	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on January 8, 2021	Provisional
Ganglong Zhongyang	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on July 21, 2020	Class 2 (Provisional)

BUSINESS

Subsidiary	Qualification	Status	Classification
Xiangshui Ganglong	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on March 3, 2021	Class 2 (Provisional)
Taixing Chuanghe	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on June 9, 2021	Class 2 (Provisional)
Kangshan Realty	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on August 25, 2020	Provisional
Kangshan Property	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	In effect, expiring on October 30, 2022	Class 4
Hangzhou Chenrui	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on January 14, 2021	Provisional
Shanghai Chongming . . .	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on April 9, 2021	Provisional
Huai'an Guochuang	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on July 21, 2020	Class 2 (Provisional)
Jiangsu Tongganghong ..	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on April 29, 2021	Provisional
Nantong Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on April 26, 2021	Class 2 (Provisional)

BUSINESS

Subsidiary	Qualification	Status	Classification
Changzhou Kaiyang	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on August 1, 2020	Class 2 (Provisional)
Rudong Gangrui	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on August 29, 2020	Class 2 (Provisional)
Shaoxing Gangxing	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on August 10, 2020	Provisional
Nanjing Ganghong	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on February 24, 2021	Class 2 (Provisional)
Rudong Gangda	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on October 28, 2020	Class 2 (Provisional)
Changzhou Gangjia	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on October 11, 2020	Class 2 (Provisional)
Taizhou Gangxinzheng .	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on March 16, 2021	Class 2 (Provisional)
Shaoxing Gangtong	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on November 25, 2020	Provisional
Suzhou Ruixing	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on November 19, 2020	Class 2 (Provisional)

BUSINESS

Subsidiary	Qualification	Status	Classification
Nantong Xinhe	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on April 20, 2021	Class 2 (Provisional)
Haimen Ganghua	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on March 30, 2021	Class 2 (Provisional)
Yixing Gangheng	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on March 16, 2021	Class 2 (Provisional)
Dongtai Jinteng	Qualification Certificate for Real Estate Development Enterprise (Provisional) (房地產開發企業暫定資質證書)	In effect, expiring on March 30, 2021	Class 2 (Provisional)

We will apply to the relevant government authorities to renew our licenses, permits and qualification certificates prior to their expiry. In case we fail to renew our licenses, permits and qualification certificates upon their expiry, our development plans may be delayed and there may be an adverse effect on our business operations. Please refer to “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” in this prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

As advised by our PRC Legal Adviser, our Directors confirm that, save as disclosed, during the Track Record Period, our Group were in compliance in all material respects with all applicable PRC laws and regulations. We set out below details of certain historical non-compliance incidents during the Track Record Period.

Based on (i) the nature and reasons of the historical non-compliance incidents; (ii) the confirmation letters issued by and the interviews with the relevant competent PRC government authorities; (iii) our PRC Legal Adviser’s views set forth below in respect of such non-compliance; and (iv) rectification measures and enhanced internal control measures that have been implemented, our Directors believe that none of the historical non-compliance matters mentioned below will have any material adverse effect on our business, financial conditions and results of operations.

Non-compliance Incidents during the Track Record Period

The following table sets forth our non-compliance incidents under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date, and the rectification actions we have taken in response to these incidents:

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>1. Failure to make adequate social security insurance and housing provident fund contributions</p> <p>During the Track Record Period, our Group failed to make adequate social security insurance and housing provident fund contributions for some employees as required by the relevant PRC laws and regulations. We estimate that the total underpaid amount of social security insurance and housing provident fund contributions is RMB3.1 million, RMB10.0 million and RMB20.3 million for the three years ended December 31, 2019 respectively.</p>	<p>This was primarily due to the lack of experience of our human resources personnel who did not fully understand the relevant requirements of the relevant PRC laws and regulations, and the unwillingness of many of our employees in contributing to social security insurance and housing provident funds.</p>	<p>Our PRC Legal Adviser has advised us that, we might be subject to late fees and fines for not making social security contributions in full amount in a timely manner under the relevant PRC laws and regulations. If any competent government authority is of the view that the social security payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the underpaid amount within a certain period and a late charge that equals 0.05% of the total underpaid amount per day. If we fail to pay the underpaid amount or the late charge within the prescribed period, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social security fund contribution.</p>	<p>Since October 2019, we have made social fund contributions and housing provident fund contributions for our PRC subsidiaries that have employees in accordance with the relevant PRC laws and regulations except: (i) in respect of Jiangsu Tonggonghong and Hangzhou Chenrui, we so far could only make contribution for housing provident fund according to the level of minimum wage of employees but not according to the actual wage of employees as required under relevant PRC laws and regulations. We had made attempt to make contribution according to actual wage while we had been informed by the relevant local authorities that the payment basis can only be adjusted once a year. We had further been informed by the local authorities that we will be allowed to adjust the basis of housing provident fund according to the actual wage in July 2020. We will make the prescribed contribution at that time once we could do so under the local regulatory practice; (ii) in respect of Hangzhou Chenrui, apart from the aforesaid adjustment on payment basis only annually for housing provident fund as allowed by the local authorities, the employees designated by our joint venture partner of Hangzhou Chenrui are not willing to make contributions for both housing provident fund and social security insurance. We so far could only make contribution to social security insurance according to the level of minimum wage of employees but not according to actual wage of employees as required under relevant PRC Laws and regulations up to the Latest Practicable Date. We have been liaising with our joint venture partner to rectify the situation, we will make contribution in accordance with the relevant PRC laws as soon as practicable once so allowed by local authority and consensus is reached with our joint venture partner.</p>	<p>We have adopted internal control measures to ensure that contribution for social security insurance and housing provident fund in respect of all of our employees are adequate. In particular, we have designated the human resources department to calculate the social security insurance and housing provident fund contribution for our employees based on the requirement of the local social security and housing provident fund authorities. Our finance department would also review the payable contribution and implement record keeping procedures regarding payments of social security insurance and housing provident fund contributions.</p>
<p>Our PRC Legal Adviser further advises that in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center might order us to pay the underpaid amount within a prescribed time limit; if we still fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for compulsory enforcement. No late fee or fine would be imposed under the relevant PRC laws and regulations.</p>	<p>Save for Lianyungang Ganghua being ordered to pay the outstanding social security insurance contribution in the amount of RMB0.7 million during the Track Record Period which had already been fully settled, we did not receive any other notices ordering for payment of outstanding contribution nor were we subject to any penalties, administrative action or fines relating to social security insurance and housing provident fund up to the Latest Practicable Date.</p>	<p>We would also communicate with relevant authority to ensure we are in compliance with the requirement of labor, social security fund and housing provident fund laws and regulations from time to time.</p>	<p>We would also communicate with relevant authority to ensure we are in compliance with the requirement of labor, social security fund and housing provident fund laws and regulations from time to time.</p>	<p>We would also communicate with relevant authority to ensure we are in compliance with the requirement of labor, social security fund and housing provident fund laws and regulations from time to time.</p>

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedial internal control measures
		<p>Based on (i) the written confirmations we have obtained up to the Latest Practicable Date from the relevant governmental authorities; and (ii) the interviews conducted by our PRC Legal Adviser with such authorities, save as disclosed, there have been no records of penalties imposed on us for failure to make adequate social security insurance and housing provident fund contributions. Our PRC Legal Adviser is of the opinion that such relevant governmental authorities are competent authorities to issue the confirmations and attend the interviews. As far as the social security insurance is concerned for which we may be subject to late fee under the PRC laws as mentioned above, pursuant to the aforesaid confirmations and interviews with the relevant authorities, given the fact that among others (i) the competent authorities have confirmed that these subsidiaries have not been penalized since the incorporation of these subsidiaries or during the Track Record Period; (ii) the competent authorities have confirmed that there has been no complaints from the employees of any of these subsidiaries; (iii) our Company has ordered that in case these subsidiaries are confirmed to pay historical unpaid contribution and late fee, these subsidiaries will pay so by the required schedule; and (iv) these subsidiaries have been making the contribution in full as of the Latest Practicable Date, our PRC Legal Adviser is of the opinion that the risk for our PRC subsidiaries of being required by the relevant authorities to pay any late penalty in respect of the social security insurance is remote.</p>	

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>2. Failure to timely open accounts for social security insurance and housing provident fund</p> <p>Under relevant PRC laws and regulations, our PRC subsidiaries are required to open accounts for social security insurance and housing provident fund within 30 days after their establishment.</p> <p>During the Track Record Period, certain subsidiaries of our Group did not open account for social security insurance and housing provident fund within the prescribed period.</p>	<p>The non-compliance was not wilful and was solely due to misunderstanding on law by our staff in respect of the regulations whereas, most of the involved subsidiaries were then newly set up and did not have any employees at the material time.</p>	<p>Our PRC Legal Adviser has advised us that, i) for failing to undertake registration of housing provident fund accounts for the employees, the relevant PRC authorities could order our Group to effect the registration and open housing provident fund accounts within a prescribed period; if our Group fails to comply with the order within the prescribed period, the relevant PRC authorities may impose a fine of not less than RMB10,000 but not more than RMB50,000; and ii) for failing to undertake registration of social security insurance accounts for the employees, the relevant PRC authorities, could order our Group to effect the registration and open social security insurance accounts within a prescribed period; if our Group fails to comply with the order within the prescribed period, the relevant PRC authorities may impose a fine in the sum of one to three times the amount of the overdue payment.</p>	<p>Based on the foregoing, our Directors believe that this non-compliance incident has no material impact on our operations and business, and does not reflect negatively on the ability of our Group to operate in a compliant manner.</p> <p>Our Controlling Shareholders have undertaken to indemnify us for any unpaid amount, penalty and other monetary damages incurred as a result of our failure to make contributions to the social security insurance and housing provident funds in full amount.</p> <p>Having considered that the portion of uncontributed social security insurance and housing provident fund that could not be covered by written confirmations from or interviews with relevant government authorities would not have a material financial impact on us, no provisions has been made as of December 31, 2019 in our financial statements in respect of such potential liabilities.</p>	<p>We have designated our human resources department to monitor the account opening progress for new subsidiaries in the PRC to ensure that the accounts are duly opened within prescribed period. We would also communicate with relevant authorities to ensure that we are in compliance with the requirements regulating the account opening from time to time.</p>
		<p>Our PRC Legal Adviser has advised that except for the above subsidiary, for the subsidiaries that have not opened social security insurance and housing provident fund accounts within the prescribed period, based on that (i) the social security insurance and housing provident fund accounts of these subsidiaries have been subsequently opened; and (ii) none of these subsidiaries have received any order to effect the registration within the prescribed period as so confirmed by our Company, the risk that an administrative penalty be imposed on these subsidiaries is remote.</p>		

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>3. Delivery of units before passing the completion and acceptance inspections</p>	<p>The construction of the 419 units in Phase I of Xiang Yu Hua Ting (香語華庭) was completed in late April 2018 and the construction of the 131 residential units and 35 car parking spaces in Jing Shan Xiu Shui (景山秀水) was completed in early June 2019 and were going through the process of the completion examination. However, due to lack of legal knowledge of the sales and marketing team and the lack of timely internal communication between our departments, our sales and marketing team arranged the delivery procedures in accordance with the time frame prescribed in the pre-sale contracts as they thought the constructions of the projects have already been completed without further confirming with our project development department on the status of passing the completion examination which is responsible for application for the completion certificate.</p>	<p>Our PRC Legal Adviser has advised us that, according to the Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), a construction project shall not be delivered for use unless it has passed the completion examination. Where a construction entity illegally delivers the construction project for use without conducting or passing the completion examination, it can be ordered to (i) take remedial actions; (ii) pay a fine of not less than 2% but not exceeding 4% of the construction contract sum; and (iii) pay compensation in accordance to the law if any losses have been caused.</p>	<p>Based on the foregoing, our Directors believe that this non-compliance incident has no material impact on our operations and business, and does not reflect negatively on the ability of our Group to operate in a compliant manner.</p> <p>The completion examination of Phase I of Xiang Yu Hua Ting (香語華庭) was passed on June 7, 2018 and the completion certificate was issued on June 26, 2018. The completion examination of Jin Shan Xiu Shui (景山秀水) was passed on July 11, 2019 and the completion certificate was issued on August 30, 2019. Further, each of Lianyungang Ganghua and Changshu Ganghua has obtained written confirmations from Lianyungang Bureau of Housing and Urban-Rural Development (連雲港市住房和城鄉建設局) on August 2, 2019 and January 17, 2020 and Changshu Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on February 19, 2019, August 6, 2019 and March 3, 2020 respectively, stating that: (i) no administrative penalty has been imposed; and (ii) the relevant subsidiary was in compliance with the relevant real estate and construction laws and regulations. We are advised by our PRC Legal Adviser that the relevant written confirmations were issued by the competent authorities.</p>	<p>We have designated the sales management team responsible for the sales of relevant project companies to monitor the status of completion and acceptance inspections and ensure that the units are only delivered after the completion certificate is obtained.</p> <p>Moreover, we have also implemented procedure upon which the completion certificate relevant to the particular project must be attached to the completion notice we send to our customers and/or present to and acknowledge by our customer upon our delivery of properties to them.</p>
<p>(i) Changshu Ganghua delivered 419 residential units in Phase I of Xiang Yu Hua Ting (香語華庭) in June 2018 before passing the completion and acceptance inspections.</p> <p>(ii) Lianyungang Ganghua delivered 131 residential units and 35 car parking spaces in Jing Shan Xiu Shui (景山秀水) in June 2019 before passing the completion and acceptance inspections.</p>	<p>The construction of the 419 units in Phase I of Xiang Yu Hua Ting (香語華庭) was completed in late April 2018 and the construction of the 131 residential units and 35 car parking spaces in Jing Shan Xiu Shui (景山秀水) was completed in early June 2019 and were going through the process of the completion examination. However, due to lack of legal knowledge of the sales and marketing team and the lack of timely internal communication between our departments, our sales and marketing team arranged the delivery procedures in accordance with the time frame prescribed in the pre-sale contracts as they thought the constructions of the projects have already been completed without further confirming with our project development department on the status of passing the completion examination which is responsible for application for the completion certificate.</p>	<p>Our PRC Legal Adviser has advised us that, according to the Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), a construction project shall not be delivered for use unless it has passed the completion examination. Where a construction entity illegally delivers the construction project for use without conducting or passing the completion examination, it can be ordered to (i) take remedial actions; (ii) pay a fine of not less than 2% but not exceeding 4% of the construction contract sum; and (iii) pay compensation in accordance to the law if any losses have been caused.</p>	<p>Based on the foregoing, our Directors believe that this non-compliance incident has no material impact on our operations and business, and does not reflect negatively on the ability of our Group to operate in a compliant manner.</p> <p>The completion examination of Phase I of Xiang Yu Hua Ting (香語華庭) was passed on June 7, 2018 and the completion certificate was issued on June 26, 2018. The completion examination of Jin Shan Xiu Shui (景山秀水) was passed on July 11, 2019 and the completion certificate was issued on August 30, 2019. Further, each of Lianyungang Ganghua and Changshu Ganghua has obtained written confirmations from Lianyungang Bureau of Housing and Urban-Rural Development (連雲港市住房和城鄉建設局) on August 2, 2019 and January 17, 2020 and Changshu Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on February 19, 2019, August 6, 2019 and March 3, 2020 respectively, stating that: (i) no administrative penalty has been imposed; and (ii) the relevant subsidiary was in compliance with the relevant real estate and construction laws and regulations. We are advised by our PRC Legal Adviser that the relevant written confirmations were issued by the competent authorities.</p>	<p>We have designated the sales management team responsible for the sales of relevant project companies to monitor the status of completion and acceptance inspections and ensure that the units are only delivered after the completion certificate is obtained.</p> <p>Moreover, we have also implemented procedure upon which the completion certificate relevant to the particular project must be attached to the completion notice we send to our customers and/or present to and acknowledge by our customer upon our delivery of properties to them.</p>
<p>Our PRC Legal Adviser further advised that since (i) the relevant completion certificates for Phase I of Xiang Yu Hua Ting (香語華庭) and Jing Shan Xiu Shui (景山秀水) were subsequently issued, (ii) written confirmations have been obtained from the relevant government authorities confirming no administrative fines were or will be imposed, and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalties with respect to such non-compliance incidents from the relevant authorities, the likelihood that we will be penalized as a result of those incidents is remote.</p>	<p>Our PRC Legal Adviser further advised that since (i) the relevant completion certificates for Phase I of Xiang Yu Hua Ting (香語華庭) and Jing Shan Xiu Shui (景山秀水) were subsequently issued, (ii) written confirmations have been obtained from the relevant government authorities confirming no administrative fines were or will be imposed, and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalties with respect to such non-compliance incidents from the relevant authorities, the likelihood that we will be penalized as a result of those incidents is remote.</p>			

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>4. Change in use of RMB converted from the foreign currency-denominated capital without approval</p> <p>In November 2017, Ganglong Huayang applied to a bank in the PRC to convert its US\$-denominated capital fund into RMB for proposed payment of construction costs by our Group to two contractors engaged by our Group which undertake construction work of our projects. The two contractors had once been our top five suppliers in certain years during the Track Record Period^(note). The converted amount involved was approximately RMB44 million.</p> <p>Shortly after the conversion of the US\$-denominated capital fund into RMB, Ganglong Huayang made intra-Group transfers of RMB35 million to Ganglong Realty as advance between members of our Group which was interest-free and applied in the ordinary course of our business.</p>	<p>The non-compliance was not willful and was due to lack of legal knowledge on the foreign exchange control laws of the PRC of a finance manager of our finance management center, who was not aware of the requirement to notify the bank which handled our settlement of foreign exchange fund in relation to the subsequent change of the purpose of foreign exchange settlement fund.</p>	<p>According to the Regulations of the PRC on Foreign Exchange Control (中華人民共和國外匯管理條例), the capital fund converted from foreign exchange shall be used for the purpose as approved by the related competent authorities and foreign exchange control authorities.</p> <p>Where any entity or individual violates provisions to change the purposes of foreign exchange or foreign exchange settlement funds without approval, the foreign exchange control authorities shall order it/him to make corrections, confiscate illegal proceeds and impose a fine of less than 30% of the illegal funds. Under any circumstances which is considered to be serious, a fine of more than 30% up to the same amount of the illegal funds shall be imposed.</p>	<p>The fine imposed by the Changzhou division of the SAFE on Ganglong Huayang has been paid in full within the stipulated period on November 15, 2018. Our PRC Legal Adviser is of opinion that, given (i) under the Law of Administrative Penalty (行政處罰法), fines cannot be imposed more than one time on the same incident; (ii) Ganglong Huayang has paid the fine imposed on it in full; and (iii) rectified its non-compliance, the risk that any further fines would be imposed on Ganglong Huayang is remote.</p> <p>Ganglong Huayang subsequently paid the two contractors for total sum of approximately RMB44 million by instalments based on construction progress by bank transfer and bills over the period from November 2017 to May 2018.</p>	<p>We have designated Mr. Qiu Kaibing, our vice-president who is responsible for overseeing the accounting, financial planning and treasury function of our Group, to lead our financial management center to monitor and oversee the use of funds in each of our subsidiaries, including any intra-group fund transfer and established comprehensive approval procedures in the use of funds. In particular, we have maintained a register recording capital fund flow, including the fund related to foreign currency conversion and bank transaction since March 2019. Mr. Qiu and our financial management center would keep track of the use of the funds against the register to ensure that we are in compliance with the approved use.</p> <p>We have provided relevant trainings to our finance staff in relation to the relevant laws and regulations and internal policies in the use of funds.</p> <p>We have also strengthened our treasury policy by requiring that the fund must be applied according to approved use. Where necessary, we may also seek advice from external professional consultants for ascertaining the scope of approved use from compliance perspective.</p>
<p>Note:</p> <p>One of such contractors is one of our top five suppliers for the two years ended December 31, 2017 and 2018. During the Track Record Period, this contractor was engaged by us to undertake construction work in our projects, namely Hong Kong Masterpiece (新港城), Jing Shan Xiu Shui (景山秀水) and Xiang Yu Hua Ting (香語華庭). For the three years ended December 31, 2019, contracting fee to this contractor made by our Group amounted to approximately RMB268.7 million, RMB136.7 million and RMB62.5 million, which accounted for approximately 25.2% and 10.6% and 1.9% of our total purchase (excluding land purchases), respectively. To the best knowledge of our Directors based on available information, the contractor was established in 1985 in Changzhou, Jiangsu province, as of the Latest Practicable Date, the registered capital of which is approximately RMB303 million and is held by 31 individual shareholders, each of them is an Independent Third Party of our Group, and has no majority shareholder.</p> <p>Another contractor is one of our top five suppliers for the year ended December 31, 2017. During the Track Record Period, this contractor was engaged by us to undertake construction work in our projects, namely Ganglong Bauhinia Residence (港龍紫荊城) and Hong Kong Masterpiece (新港城). For the three years ended December 31, 2019, contracting fee to this contractor amounted to approximately RMB60.3 million, RMB32.8 million and RMB44.5 million, which accounted for approximately 5.6% and 2.5% and 1.4% of our total purchase (excluding land purchases), respectively. To the best knowledge of our Directors based on available information, it was established in 1998 in Changzhou, Jiangsu province, as of the Latest Practicable Date, the registered capital of which is approximately RMB100 million and is held by 23 individual shareholders, each of them is an Independent Third Party of our Group, and has no majority shareholder.</p>				

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>5. Commencement of construction before completing administrative procedures and/or obtaining relevant requisite permits</p> <p>During the Track Record Period, we commenced or proceeded with construction works for certain of our projects before obtaining requisite permits at various stages of the construction, including construction work commencement permit (建築工程施工程許可證) or construction work planning permit (建築工程規劃許可證) and/or qualification certificate for real estate development enterprise. Historically, the incidents included:</p> <p>(i) Commencement of construction work prior to obtaining construction work commencement permit (建築工程施工程許可證)</p> <p>During the Track Record Period and up to the Latest Practicable Date, Hangzhou Chenrui, Rudong Guangrui, Rudong Gangda, Huai'an Guochuang, Taizhou Gangxinzheng, Nantong Xinhe, Dongtai Jinteng and Haimen Ganghua commenced construction for the Qiu Shi Chen Yue (秋實宸悅) project, Chen Yuan (晨園) project, Xi Yue (熙悅) project, Sunac Plaza (樞創廣場) project, Hanlin Fu Huayuan (翰林府花園) project, Taoyuan Li (桃源里) project, Chun Xi Ji (春溪集) and Nature Image (泊翠瀾苑) project respectively before obtaining the construction work commencement permit (建築工程施工程許可證). All such permits had been obtained at a later stage.</p>	<p>The non-compliance was not wilful and was solely due to insufficient and timely communication with the construction companies which we engaged and that we did not put in place stringent policy requiring that the construction company must obtain approval from us before commencement.</p>	<p>(i) Commencement of construction work prior to obtaining construction work commencement permit</p> <p>According to the Rules on the Administration of Construction Quality (Order No. 279 of the State Council) (《建設工程質量管理條例》國務院令 第279號) promulgated and implemented by the State Council on January 30, 2000 and amended on October 7, 2017, a construction entity commencing the project without obtaining the construction work commencement permit (建築工程施工程許可證) for its construction commencement, can be ordered to stop the construction work, carry out remedial actions within a prescribed time limit and pay a fine of not less than 1% but not exceeding 2% of the contractual project price.</p> <p>No penalty has been imposed on Nantong Xinhe for not obtaining construction work commencement permit (建築工程施工程許可證) before construction work commencement. As advised by our PRC Legal Adviser, pursuant to applicable laws and regulations, the maximum penalty that may be imposed for not obtaining the construction work commencement permit (建築工程施工程許可證) before commencing the construction works will not be exceeded 2% of the contractual project price. Accordingly, for Qiu Shi Chen Yue (秋實宸悅), Chun Xi Ji (春溪集) and Hanlin Fu Huayuan (翰林府花園), the maximum penalty that may be imposed on us will be approximately RMB1.79 million in aggregate. Up to the Latest Practicable Date, our Directors confirmed that we have not been imposed any penalty or fines in respect of the commencement of construction before obtaining construction work commencement permit (建築工程施工程許可證) for the relevant projects.</p>	<p>Nantong Xinhe has rectified and obtained the requisite permit. We have obtained from Hai'an Housing and Urban-Rural Construction Bureau (海安市住房和城鄉建設局) a written confirmation on April 27, 2020 confirming that Nantong Xinhe has complied with relevant rules and regulations governing urban-rural construction, and Nantong Xinhe has never been imposed or will be imposed any penalty or fine as a result of non-compliance with any relevant rules and regulations governing property development and urban-rural construction. Our PRC Legal Adviser advises that Hai'an Housing and Urban-Rural Construction Bureau (海安市住房和城鄉建設局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Nantong Xinhe has subsequently obtained the requisite construction work commencement permit (建築工程施工程許可證); (ii) the aforesaid written confirmation has been obtained from the authority confirming no penalty or fine has been or will be imposed on Nantong Xinhe as a result of non-compliance with any relevant rules and regulations governing property development and urban-rural construction; and (iii) our Directors confirmed that we had not been imposed any administrative penalty with respect to such non-compliance incident from the authority, the risk for Nantong Xinhe of being penalized is remote.</p> <p>For Qiu Shi Chen Yue (秋實宸悅), Chun Xi Ji (春溪集), and Hanlin Fu Huayuan (翰林府花園), the project companies have rectified and obtained the requisite permit subsequently. Having considered the circumstances of the incidents and the subsequent obtaining of all requisite permits, our Directors considered that such non-compliance would not have a material operational or financial impact on us, as such, no provision has been made in our financial statements in respect of such incidents. Our Controlling Shareholders have undertaken to indemnify us against any fines or penalties that may be imposed on us and any other monetary damages incurred as a result of the non-compliance incidents.</p>	<p>We enhanced our internal control policy and procedure such that our project management department at project companies level and headquarter level shall maintain a control list on the permits and certificates that need to be obtained in different stages in the construction stage of our property projects. Approval of commencement of construction by construction company can only be given when both the project management department at headquarter level and project company level confirm that all necessary permit and certificates are obtained.</p>

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
		<p>On July 10, 2019 and August 7, 2019, Huai'an Guochuang was imposed an administrative penalty by the Urban-Rural Construction Bureau of Huai'an in the amount of approximately RMB150,000 for not obtaining the construction work commencement permit (建築工程施工許可證) before commencing the construction works. On February 24, 2020, Rudong Gangrui was imposed an administrative penalty by the Comprehensive Administrative Enforcement Bureau of Rudong in the amount of approximately RMB125,000 for not obtaining the construction work commencement permit (建築工程施工許可證) before commencing the construction works. On April 3, 2020, Rudong Gangda was imposed an administrative penalty by the Comprehensive Administrative Enforcement Bureau of Rudong in the amount of RMB210,000 for not obtaining the construction work commencement permit (建築工程施工許可證) before commencing the construction works. On May 12, 2020, Haimen Ganghua was imposed an administrative penalty by the Comprehensive Administrative Enforcement Bureau of Haimen in the amount of approximately RMB15,000 for not obtaining the construction work commencement permit (建築工程施工許可證) before commencing the construction works.</p>	<p>For Sumac Plaza (蘇創廣場), Chen Yuan (晨園), Xi Yue (熙悅) and Nature Image (泊翠灘坊), the project companies have rectified and obtained the relevant permit subsequently. The fine imposed on Huai'an Guochuang by the Urban-Rural Construction Bureau of Huai'an relating to construction work commencement permit (建築工程施工許可證) has been paid in full in August 2019. The fine imposed on Rudong Gangrui, Rudong Gangda and Haimen Ganghua by the Comprehensive Administrative Enforcement Bureau of Rudong and Comprehensive Administrative Enforcement Bureau of Haimen relating to construction work commencement permit (建築工程施工許可證) have been paid in full in March, April and May 2020, respectively.</p> <p>Our PRC Legal Adviser is of opinion that, given (i) under the Law of Administrative Penalty (行政處罰法), fines cannot be imposed more than one time on the same incident; and (ii) Huai'an Guochuang, Rudong Gangrui, Rudong Gangda and Haimen Ganghua have paid the fines imposed on them in full and rectified such non-compliance, the risk that any further fines would be imposed on Huai'an Guochuang, Rudong Gangrui, Rudong Gangda and Haimen Ganghua are remote.</p>	

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>(ii) Commencement of construction work prior to obtaining construction work planning permit (建設工程規劃許可證)</p> <p>During the Track Record Period and up to the Latest Practicable Date, Huai'an Guochuang, Taizhou Gangxinzheng, Nantong Xinhe and Dongtai Jinteng commenced construction for the Sunac Plaza (融創廣場) project, Hanlin Fu Huayuan (翰林府花園) project, Taoyuan Li (桃源里) project and Chun Xi Ji (春溪集) project respectively before obtaining the construction work planning permit. All such permits had been obtained at a later stage.</p>	<p>See above.</p>	<p>(ii) Commencement of construction work prior to obtaining construction work planning permit</p> <p>According to the Rules on Urban and Rural Planning of the PRC (《中華人民共和國城鄉規劃法》), a construction entity commencing the construction without obtaining the construction work planning permit (建設工程規劃許可證), can be ordered to stop the construction. If rectification action can be taken to eliminate the effect resulted from such unauthorized construction, a fine ranged from 5% and less than 10% of the construction sum can be imposed. If no rectification action can be taken to eliminate the effect resulted from such unauthorized construction, an order for demolition can be made. If demolition is not feasible, the constructed object or any illegal income generated from it can be forfeited and a fine in a sum less than 10% of the contracted construction sum can be imposed.</p> <p>No penalty has been imposed on Huai'an Guochuang, Taizhou Gangxinzheng, Nantong Xinhe and Dongtai Jinteng for not obtaining construction work planning permit (建設工程規劃許可證) before construction work commencement.</p>	<p>Huai'an Guochuang has rectified and obtained the requisite permit. We have obtained from Huai'an Bureau of Natural Resources and Planning (淮安市自然資源和規劃局) a written confirmation on September 27, 2019 confirming that Huai'an Guochuang has never been imposed any penalty or fine as a result of non-compliance with any relevant rules and regulations governing land planning. Our PRC Legal Adviser advises that Huai'an Bureau of Natural Resources and Planning (淮安市自然資源和規劃局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that Huai'an Guochuang has subsequently obtained the requisite construction work planning permit (建設工程規劃許可證); (ii) the aforesaid written confirmation has been obtained from the authority confirming no penalty or fine has been imposed on Huai'an Guochuang as a result of non-compliance with any relevant rules and regulations governing land planning; and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalty with respect to such non-compliance incident from the authority, the risk for Huai'an Guochuang of being penalized is remote.</p> <p>Taizhou Gangxinzheng has rectified and obtained the requisite permit. Based on the interview conducted by our PRC Legal Adviser with Taizhou Bureau of Natural Resources and Planning (泰州市自然資源和規劃局) on April 29, 2020, the relevant authority confirmed that (i) Taizhou Gangxinzheng had promptly rectified the relevant non-compliance incident and no serious consequence had been caused, as such, Taizhou Gangxinzheng would not be liable for such incident and no investigation will be initiated and no penalty will be imposed on it, (ii) Taizhou Gangxinzheng has never been imposed any penalty or fine. Our PRC Legal Adviser advises that Taizhou Bureau of Natural Resources and Planning (泰州市自然資源和規劃局) is the competent authority to make such confirmation. Our PRC Legal Adviser advises that since (i) Taizhou Gangxinzheng has subsequently obtained the requisite construction work planning permit (建設工程規劃許可證); (ii) the authority has confirmed in the aforesaid interview that Taizhou Gangxinzheng had promptly rectified the relevant non-compliance incident and no serious consequence had been caused, thus no penalty or fine will be imposed on Taizhou Gangxinzheng as a result of non-compliance; and (iii) our Directors confirmed that we had not been imposed any administrative penalty with respect to such non-compliance incident from the authority, the risk for Taizhou Gangxinzheng of being penalized is remote.</p>	<p>See above.</p>

Remedial internal control measures

Remedies and rectification measures taken

Legal consequences and potential maximum penalties

Reasons for the non-compliance

Non-compliance Incidents

Nantong Xinhe has rectified and obtained the requisite permit. We have obtained from Hai'an Bureau of Natural Resources (海安市自然資源局) a written confirmation on April 22, 2020 confirming that Nantong Xinhe has never been or will be imposed any penalty or fine as a result of non-compliance with any relevant rules and regulations governing urban-rural planning, and there had been no dispute or potential dispute involving urban-rural planning between Nantong Xinhe and the said Bureau. Our PRC Legal Adviser advises that Hai'an Bureau of Natural Resources (海安市自然資源局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Nantong Xinhe has subsequently obtained the requisite construction work planning permit (建設工程規劃許可證); (ii) the aforesaid written confirmation has been obtained from the authority confirming no penalty or fine has been or will be imposed and there had been no dispute or potential dispute with Nantong Xinhe; and (iii) our Directors confirmed that we had not been imposed any administrative penalty with respect to such non-compliance incident from the authority, the risk for Nantong Xinhe of being penalized is remote.

Dongtai Jinteng has rectified and obtained the requisite permit. We have obtained from Dongtai Bureau of Natural Resources and Planning (東台市自然資源和規劃局) a written confirmation on April 26, 2020 confirming that Dongtai Jinteng has never been or will be imposed any penalty or fine as a result of non-compliance with any relevant rules and regulations governing urban-rural planning, and there had been no dispute or potential dispute involving urban-rural planning between Dongtai Jinteng and the said Bureau. Our PRC Legal Adviser advises that Dongtai Bureau of Natural Resources and Planning (東台市自然資源和規劃局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Dongtai Jinteng has subsequently obtained the requisite construction work planning permit (建設工程規劃許可證); (ii) the aforesaid written confirmation has been obtained from the authority confirming no penalty or fine has been or will be imposed and there had been no dispute or potential dispute with Dongtai Jinteng; and (iii) our Directors confirmed that we had not been imposed any administrative penalty with respect to such non-compliance incident from the authority, the risk for Dongtai Jinteng of being penalized is remote.

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken	Remedial internal control measures
<p>(iii) Commencement of construction work prior to obtaining the qualification certificate for real estate development enterprise</p> <p>During the Track Record Period, Hangzhou Chenrui, Huai'an Guochuang, Taizhou Gangxinzheng, Nantong Xinhe and Dongtai Jinteng commenced constructions for the Qiu Shi Chen Yue (秋實宸悅), Sunac Plaza (融創廣場), Hanlin Fu Huayuan (翰林府花園), Taoyuan Li (桃源里) and Chun Xi Ji (春溪集), respectively, before obtaining the qualification certificate for real estate development enterprise. All such qualification certificates were subsequently obtained.</p>	<p>See above.</p>	<p>(iii) Commencement of construction work prior to obtaining the qualification certificate for real estate development enterprise</p> <p>Any enterprise engages in the operation of property development without obtaining a qualification certificate will be ordered by the property development authority to rectify the irregularity within a certain period of time, and will be imposed a fine between RMB50,000 and RMB100,000. A property development enterprise failing to rectify the irregularity within the required period of time will have its qualification certificate suspended and a proposal will be sent to the industrial and commercial administration authority for the suspension of business license of such property development enterprise.</p>	<p>Hangzhou Chenrui has subsequently obtained the requisite qualification certificate. We have also obtained from Yuhang District of Hangzhou Bureau of Housing and Urban – Rural Development (杭州市餘杭區住房和城鄉建設局) a written confirmation on February 27, 2020 that no fine has been imposed on Hangzhou Chenrui. Our PRC Legal Adviser advises that Yuhang District of Hangzhou Bureau of Housing and Urban – Rural Development (杭州市餘杭區住房和城鄉建設局) is competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Hangzhou Chenrui has subsequently obtained the requisite qualification certificate; (ii) and the aforesaid written confirmation has been obtained from the authority, confirming no fine has been imposed; and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalty with respect to such non-compliance incident from the authority, the risk for Hangzhou Chenrui of being penalized is remote.</p>	<p>See above.</p>
		<p>Up to the Latest Practicable Date, our Directors confirmed that we have not been imposed any penalty or fines in respect of the incidents related to Qiu Shi Chen Yue (秋實宸悅), Sunac Plaza (融創廣場), Hanlin Fu Huayuan (翰林府花園), Taoyuan Li (桃源里) and Chun Xi Ji (春溪集).</p>	<p>Huai'an Guochuang has subsequently obtained the requisite qualification certificate. We have also obtained from Huai'an Bureau of Housing and Urban-Rural Development (淮安市住房和城鄉建設局) a written confirmation on February 25, 2020 confirming that Huai'an Guochuang has complied with relevant rules and regulations governing property development and there had been no dispute or potential dispute involving property development and urban-rural development between Huai'an Guochuang and the said Bureau. Our PRC Legal Adviser advises that Huai'an Bureau of Housing and Urban-Rural Development (淮安市住房和城鄉建設局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Huai'an Guochuang has subsequently obtained the requisite qualification certificate; (ii) the aforesaid written confirmation has been obtained from the authority confirming compliance with rules and regulations by Huai'an Guochuang and no dispute with Huai'an Guochuang; and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalty with respect to such non-compliance incident from the authority, the risk for Huai'an Guochuang of being penalized is remote.</p>	

Remedial internal control measures

Remedies and rectification measures taken

Nantong Xinhe has subsequently obtained the requisite qualification certificate. We have also obtained from Hai'an Housing and Urban-Rural Construction Bureau (海安市住房和城乡建设局) a written confirmation on April 27, 2020 confirming that Nantong Xinhe (i) has complied with relevant rules and regulations governing property development; (ii) has never been or will be imposed any penalty or fine; and (iii) there had been no dispute or potential dispute involving property development and urban-rural construction between Nantong Xinhe and the said Bureau. Our PRC Legal Adviser advises that Hai'an Housing and Urban-Rural Construction Bureau (海安市住房和城乡建设局) is the competent authority to issue the confirmation. Our PRC Legal Adviser advises that since (i) Nantong Xinhe has subsequently obtained the requisite qualification certificate; (ii) the aforesaid written confirmation has been obtained from the authority confirming that no penalty or fine has been or will be imposed as a result of non-compliance with any relevant rules and regulations governing property development and urban-rural development, and that there had been no dispute and potential dispute with Nantong Xinhe; and (iii) our Directors confirmed that we had not received any notice relating to imposing administrative penalty with respect to such non-compliance incident from the authority, the risk of Nantong Xinhe of being penalized is remote.

Legal consequences and potential maximum penalties

Reasons for the non-compliance

Non-compliance Incidents

Taizhou Gangxinzheng and Dongtai Jinteng have subsequently obtained the requisite qualification certificates. Our PRC Legal Adviser advises that as we have paused the construction and rectified our non-compliance timely and obtained the requisite qualification certificates, and there is no circumstance that Taizhou Gangxinzheng and Dongtai Jinteng fail to rectify within the time limit after receiving the notice from the competent authorities, the risk of Taizhou Gangxinzheng's and Dongtai Jinteng's business licenses being suspended by the industrial and commercial administration authority is remote. Having considered the circumstances of the incidents and the subsequent obtaining of the above requisite qualification certificates, our Directors considered that such non-compliance would not have a material impact on our operational or financial position, as such, no provision has been made in our financial statements in respect of such incident. Our Controlling Shareholders have undertaken to indemnify us against any fines or penalties that may be imposed on us and any other monetary damages incurred as a result of the non-compliance incidents.

BUSINESS

Internal Control Measures to Ensure Future Compliance

In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control measures:

- (i) our Board will continuously monitor, evaluate and review our internal control system to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control system as appropriate;
- (ii) we have appointed WAG Worldsec Corporate Finance Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;
- (iii) we have established the Audit Committee which comprises of one non-executive Director and three independent non-executive Directors. The Audit Committee will review and report to the Board at least annually the adequacy and effectiveness of our internal controls. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters;
- (iv) we will provide training and updates on the legal and regulatory requirements applicable to our business operations to our Directors, members of senior management and relevant employees from time to time;
- (v) if necessary, we may consider appointing external PRC legal adviser to advise us on matters relating to compliance with the applicable PRC laws and regulations; and
- (vi) if necessary, we may consider appointing external Hong Kong legal advisers to advise us on matters relating to compliance with the Listing Rules and the applicable Hong Kong laws and regulations.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders have also given indemnities to our Group on a joint and several basis against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered by or incurred by our Company and/or other relevant members of our Group or their respective directors and/or representatives as a result of or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations in any jurisdiction by any member of our Group under the Deed of Indemnity. For more details of the Deed of Indemnity, please refer to the paragraph headed “E. Other Information — 1. Tax and other indemnities” in Appendix V to this prospectus.

Our Directors and the Sole Sponsor’s Views

In respect of the non-compliance incidents mentioned above, our Internal Control Consultant have suggested certain recommended measures to be implemented. We had adopted such rectification measures as recommended by the Internal Control Consultant to address such incidents and the enhanced internal control measures to ensure on-going compliance. The Internal Control Consultant raised no further recommendations after reviewing the measures put in place by us. On the basis that (i) we had paid the relevant fine, where applicable, in full; (ii) we had obtained the confirmations and consulted with the relevant government authorities that no administrative penalties would be imposed; (iii) our PRC Legal Adviser is of the view that the risks that we will be subject to further administrative penalties for such non-compliances by such relevant government authorities which issued the confirmations are remote; and (iv) we had engaged an Internal Control Consultant to perform review on our internal controls and no further recommendations are made by the Internal Control Consultant after evaluating our implemented measures, our Directors are of the view that nothing has casted doubt that the above measures are inadequate or ineffective to ensure a proper internal control system to prevent future similar non-compliance with the PRC laws and regulations. The Directors are of further opinion that the incidents would not have material adverse impact on our business or operation. On the basis of the aforesaid, the Sole Sponsor concur with our Directors’ view that the above non-compliances would not negatively affect the Directors’ competency under Rules 3.08 and 3.09 of the Listing Rules or our Company’s suitability for Listing under Rule 8.04 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

Our Company was an exempted company incorporated in the Cayman Islands with limited liability on October 8, 2018. Immediately following completion of the Global Offering and the Capitalization Issue, and without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, Huaxing, Hualian and Hualong will respectively hold 31.5% and 24.75% and 18.75% of the issued Shares.

As confirmed in the Acting-in-concert Confirmation, Huaxing, Hualian, Hualong, Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy would be parties acting in concert (as defined under the Acting-in-concert Confirmation) and therefore, they would be entitled to exercise or control the exercise of, in aggregate, 75% of the voting power at general meetings of our Company immediately following the Listing (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme). Huaxing is owned by Mr. Lui Wing Wai and Mr. Lui Man Wai as to 60% and 40% respectively. Please refer to “History, Reorganisation and Group Structure — Acting-in-concert Confirmation” for further details. Hualian is owned by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy as to 60% and 40% respectively. Hualong is owned by Mr. Lui Jin Ling and Mr. Lui Wing Mau as to 60% and 40% respectively. Huaxing, Hualian, Hualong, Mr. Lui Wing Wai, Mr. Lui Wing Mau, Mr. Lui Jin Ling, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy will be regarded as a group of Controlling Shareholders after the Listing under the Listing Rules. As of the Latest Practicable Date, save as disclosed above, there is no other person who, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), will be directly or indirectly interested in 30% or more of the Shares then in issue.

None of our Controlling Shareholders, Directors and their respective close associates are interested in any business which is, whether directly or indirectly, in competition or is likely to compete with our business and would require disclosure under Rule 8.10 of the Listing Rules. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

Other Interests of our Controlling Shareholders

1. Trading in building materials in the PRC

As of the Latest Practicable Date, each of Mr. Lui Wing Wai, Mr. Lui Wing Mau and Mr. Lui Wing Nam held 37%, 31% and 32% of the total issued shares of Tin On Group Holdings Limited (天安控股有限公司) (“**Tin On Group**”) respectively, an investment holding company which held the entire equity interest in Haimen Hongpeng Trading Co., Ltd.* (海門市鴻鵬貿易有限公司) (“**Hongpeng Trading**”). Hongpeng Trading was established on May 10, 2017 in the PRC as a company with limited liability. It principally engages in the provision of building materials and relevant installation services in Nantong, Changzhou, Lianyungang in Jiangsu province and Huzhou in Zhejiang province. Based on its management accounts, Hongpeng Trading recorded a revenue of approximately RMB12.9 million, RMB26.8 million and RMB29.4 million for the years ended December 31, 2017, 2018 and 2019 respectively.

Considering that (i) Tin On Group is merely an investment vehicle for holding Hongpeng Trading, and (ii) Hongpeng Trading has provided building materials and relevant installation services to two of our projects of insignificant amount during the Track Record Period, our Directors do not consider there to be any material reliance on our Controlling Shareholders or their close associates in this regard. Our purchase amount from Hongpeng Trading only accounted for 0.97%, 0.07% and 0.38% of our total

purchase (excluding land purchases in the periods) for each of the three years ended December 31, 2019. The purchase price was determined between the parties on arm's length negotiations with reference to the prevailing market rate the sale and purchase arrangements were entered into on normal commercial terms.

2. *Businesses in Hong Kong*

A. *Shop leasing business*

As of the Latest Practicable Date, each of Mr. Lui Wing Wai, Mr. Lui Wing Mau and Mr. Lui Wing Nam held 33.3% equity interest in Jet Profit Investments Limited (利興(香港)投資有限公司) (“**Jet Profit**”), a company incorporated in Hong Kong with limited liability on March 26, 1999. During the Track Record Period, all of its revenue was derived from the leasing of a shop unit located in Sham Shui Po in Hong Kong to Kin Hing Hong Textiles Limited (建興行紡織品有限公司) (“**Kin Hing Hong**”).

As of the Latest Practicable Date, each of Ms. Wong Sau Suet (the spouse of Mr. Lui Wing Nam and mother of Mr. Lui Chi Chung Jimmy), Ms. Chan Mei Kum (the spouse of Mr. Lui Wing Wai and the mother of Mr. Lui Man Wai) and Ms. Wong Kwai Fa (the spouse of Mr. Lui Wing Mau and the mother Mr. Lui Jin Ling) owns 33.3% of the issued shares of Hong Kong Dragon, a company incorporated in Hong Kong with limited liability on September 17, 1996. During the Track Record Period, it was engaged in the leasing of a shop unit located in Sham Shui Po, Hong Kong to Kin Hing Hong.

B. *Textile trading business*

Kin Hing Hong, a company incorporated in Hong Kong with limited liability on March 4, 1993 by Mr. Lui Wing Wai, Mr. Lui Wing Mau and Mr. Lui Wing Nam. As of the Latest Practicable Date, Kin Hing Hong is owned by Ms. Wong Sau Suet (the spouse of Mr. Lui Wing Nam and the mother of Mr. Lui Chi Chung Jimmy), Ms. Chan Mei Kum (the spouse of Mr. Lui Wing Wai and the mother of Mr. Lui Man Wai) and Ms. Wong Kwai Fa (the spouse of Mr. Lui Wing Mau and the mother of Mr. Lui Jin Ling) as to 33.32%, 33.37% and 33.32% respectively. Since its incorporation and during the Track Record Period, Kin Hing Hong principally engaged in trading of textiles products. Its key business activity is to act as trading agent in sourcing textile materials from, among others, manufacturing factories located in the PRC to Hong Kong customers.

3. *Commercial and residential property leasing business in Changzhou and Suzhou*

As of the Latest Practicable Date, Mr. Lui Chi Chung Jimmy (jointly with his spouse) and Mr. Lui Man Wai owned certain commercial units for lease in Ganglong Shang Ceng (港龍尚層), a property project developed by our Group before the Track Record Period located in Changzhou, while Mr. Lui Jin Ling (jointly with his spouse) hold a residential property in Suzhou for lease. The relevant procedures relating to inheritance of the said commercial units owned by Mr. Lui Man Wai, who passed away in January, 2020, were in progress as of the Latest Practicable Date.

During the Track Record Period, our Group derived a very small portion of our income from leasing out a small number of the unsold retail units and car parks, which are ancillary facilities accompany the residential properties developed by us. During the Track Record Period, such income amounted to RMB0.9 million, RMB1.8 million and RMB5.1 million for each of the three years ended December 31, 2019 respectively.

Reasons for exclusion

The business operation of Hongpeng Trading, Tin On Group, Hong Kong Dragon, Jet Profit, Kin Hing Hong and the investment properties held by our Controlling Shareholders (the “**Excluded Business**”) in Changzhou and Suzhou will not form part of our Group on the basis that:

Geographical and business delineation between our Group and the Excluded Business

Hongpeng Trading only engages in trading of building materials in the PRC and we do not and do not currently intend to engage in any building materials trading business in the same area. Tin On Group is merely an investment holding vehicle for holding Hongpeng Trading.

Jet Profit and Hong Kong Dragon only engage in property leasing business in Hong Kong, and their sole customer is Kin Hing Hong. We do not and do not currently intend to have property leasing business in Hong Kong.

Kin Hing Hong only engages in trading of textiles products and we do not and do not currently intend to have any textile trading business.

Notwithstanding that our Group and some of our Controlling Shareholder will continue to hold investment properties in the Yangtze River Delta Region, our Directors consider that, while the property leasing business of our Controlling Shareholders may to a small extent overlap with our Group’s business, taking into consideration of the scale of the principal business of our Group, being property development and sale, as compared to the property investment activities of our Group, the Controlling Shareholders’ property leasing business do not pose a competitive threat with our Group’s business.

As such, our Directors are of the view that there is a clear delineation between the Excluded Businesses and our business operations, as a result of which none of the Excluded Businesses would compete, or is expected to compete, directly or indirectly with our Group’s business.

Business strategy of our Group

We do not plan to develop or invest in any (i) property leasing businesses in Hong Kong; (ii) building materials trading businesses in PRC; and (iii) textiles trading business as it is not in line with our strategy. Despite the fact that we held four properties that were developed by us for investment, all of which were situated in Changzhou in Jiangsu Province as of the Latest Practicable Date, our principal business activity is development of properties for sale and our portion of rental income are only derived from leasing out a small number of the accompanying and unsold retail units and car parks developed by us ancillary to our residential property development projects.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as disclosed in this prospectus and having considered the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently of our Controlling Shareholders after the Listing.

(i) Financial independence

We have our own internal control and accounting systems, accounting and finance department and independent treasury for processing cash receipts and payments, and we make financial decisions according to our own business needs. During the Track Record Period, there were certain amounts due to our Controlling Shareholders, details of which are set out in Note 30 of the Accountant’s Report in Appendix I to this prospectus. The total amounts due to our Controlling Shareholders as of December 31, 2019 was RMB23.5 million in aggregate which will be settled before Listing. In view of our internal resources and the estimated net proceeds from the Global Offering, our Directors believe that our Group will have sufficient capital for our financial needs without dependence on our Controlling Shareholders and their close associates.

During the Track Record Period, our Group was provided with bank loan facilities secured by unlimited personal guarantees provided by certain of our Controlling Shareholders and their close associates. As of December 31, 2017, 2018 and 2019, our bank borrowings guaranteed by our Controlling Shareholders and their close associates amounted to approximately RMB317.5 million, RMB450.7 million and RMB166.6 million respectively. Our Directors confirm that confirmations have been obtained from the relevant banks and that the said personal guarantees will be fully released or these bank loan facilities will be fully repaid before the Listing. Accordingly, we believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. Our Directors believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

(ii) Operational independence

Our Group has established our own organizational structure comprising individual departments, each with specific responsibilities. We have independent access to sources of suppliers, subcontractors and customers. We hold all licenses necessary to carry on our business. Our Group has also established a set of internal control measures to facilitate the effective operation of our business.

While during the Track Record Period, our Group had transactions with close associates and/or relatives of our Controlling Shareholders, our Directors do not consider there to be any material reliance on our Controlling Shareholders or their close associates and/or relatives. Details of such transactions are as follows:

- (i) We have sourced building materials from Hongpeng Trading during the Track Record Period, and the purchase amount from Hongpeng Trading were RMB10.4 million, RMB0.9 million and RMB12.5 million respectively, which accounted for 0.97%, 0.07% and 0.38% of our total purchase (excluding land purchases) for each of the three years ended December 31, 2019 respectively. Our last transaction with Hongpeng Trading was conducted in September 2019 for the transaction amount of RMB3 million. We currently do not intend to have further transactions with Hongpeng Trading after Listing.
- (ii) We sourced building materials from Jiangsu Jiahu Trading Co., Ltd* (江蘇嘉湖商貿有限公司) (“**Jiahu Trading**”), a company previously majority-owned by relatives (has the meaning ascribed to it under Chapter 14A of the Listing Rules) of our Controlling Shareholders, during the Track Record Period. The said relatives has subsequently disposed of their equity interest in Jiahu Trading in 2018. The amount we purchased from Jiahu Trading before its disposal were RMB8.1 million and RMB9.9 million respectively, which accounted for 0.76% and 0.77% of our total purchase (excluding land purchases) for each of the two years ended December 31, 2018 respectively.
- (iii) We have engaged Jiangsu Jiamao Gardening Service Co., Ltd.* (江蘇嘉茂園林綠化工程有限公司) (“**Jiamao Gardening**”), a company previously majority-owned by a relative (has the meaning ascribed to it under Chapter 14A of the Listing Rules) of our Controlling Shareholders, to provide landscape construction and decoration services for our projects during the Track Record Period. The said relative has subsequently disposed of his equity interest in Jiamao Gardening in 2018. The service fee paid by our Group to Jiamao Gardening before its disposal were RMB7.4 million and RMB23.2 million respectively, which accounted for 0.69% and 1.80% of our total purchase (excluding land purchases) for each of the two years ended December 31, 2018 respectively.
- (iv) We engaged Jiangsu Ganghua Property Management Co., Ltd.* (江蘇港華物業服務有限公司) (“**Ganghua Property Management**”), a company majority-owned by relatives (has the meaning ascribed to it under Chapter 14A of the Listing Rules) of our Controlling Shareholders, to provide sales office property management services for two of our projects. The management fees paid by our Group to Ganghua Property Management for the three years ended December 31, 2019 were RMB130,000, RMB412,000 and RMB715,000 respectively.

Our property management agreements with Ganghua Property Management has expired in September 2019, which were not renewed. We currently do not have intention to engage Ganghua Property Management after Listing.

- (v) We engaged Jiangsu Gang'an Property Management Co., Ltd.* (江蘇港安物業管理有限公司) (“**Gang'an Property Management**”), a company previously majority-owned by a relative (has the meaning ascribed to it under Chapter 14A of the Listing Rules) of our Controlling Shareholders, to provide pre-delivery property management services for two of our projects located in Yancheng. The said relative no longer held majority of the equity interest in Gang'an Property after a capital injection by an Independent Third Party in 2018. The management fees paid by our Group to Gang'an Property Management for the two years ended December 31, 2018 before the said capital injection were nil and RMB60,000 respectively.

For our transactions with Hongpeng Trading, Jiahu Trading and Jiamao Gardening, we entered into agreements with them after tendering process for the relevant goods and services required by our projects. In selecting our suppliers, we have taken into account the factors such as track record, price quote, payment terms, delivery schedules and credibility. For some raw materials such as steel, cement and electrical wiring, the price quote by suppliers are determined with reference to the guidance rate set by the relevant government authority or open market price.

In relation to the engagement of Gang'an Property Management, the management fee per sq.m. per month charged by Gang'an Property Management was determined after arm's length negotiation taking into account characteristics and locations of the projects and the scope and quality of the services provided by Gang'an Property Management and is in line with the fees charged by other Independent Third Party property management companies for our other projects.

In relation to the engagement of Ganghua Property Management, the fees charged by Ganghua Property Management was determined after arm's length negotiation taking into account the location of the sales office and the anticipated operational costs (including labour costs and administrative costs) with reference to the fees for similar services in the vicinity.

In view of (i) the transactions between our Group and the associates of our Controlling Shareholders as mentioned above were entered into in our ordinary and usual course of business; and (ii) the terms of above transactions were on normal commercial terms, considering the operation status of our Group, our Directors are of the view that there is no operational dependence on our Controlling Shareholders and/or their respective close associates and/or relatives.

(iii) Management independence

Our Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. None of our Directors has any interest in any business which competes or is likely to compete with our business. Our Board and senior management operate independently from our Controlling Shareholders, and they are in a position to fully discharge their duties to our Shareholders as a whole after the Listing without reference to our Controlling Shareholders.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Group and to avoid any conflict between his/her duties as a Director and his/her personal interest. If there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted towards the quorum. In addition, our independent non-executive Directors will bring independent judgment to the decision making process of our Board.

In addition, our Group has adopted certain corporate governance measures for prevention of conflicts in order to safeguard the interests of our Shareholders as a whole, details of which are set out in the subsection headed “Corporate governance measures to avoid conflict of interests” in this section.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND NON-COMPETITION UNDERTAKING

Having considered the above factors, our Directors are satisfied that our Board as a whole, together with our senior management team, are able to perform the managerial roles in our Group independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders (including their respective close associates) after the Listing.

DEED OF NON-COMPETITION

To ensure that direct competition does not develop between us and the activities of our Controlling Shareholders, our Controlling Shareholders (namely, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong) have entered into the Deed of Non-competition with our Company (for itself and as trustee for its subsidiaries) on June 20, 2020. Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has jointly and severally undertaken to our Company (for itself and as trustee for its subsidiaries) that he/it shall not, and shall procure that his or its associates and/or companies controlled by him/it (except any members of our Group) shall not, whether directly or indirectly carry on, invest in, participate in, be engaged in, acquire any right or interest in or render any services to or otherwise be interested, involved or engaged in (in each case, whether as a shareholder, partner, agent, consultant, employee or otherwise, and whether for profit, reward or otherwise) property development in the PRC (the “**Restricted Business**”).

The above undertaking does not preclude our Controlling Shareholders, individually or collectively by his/its associates from having an aggregate interest in:

- (a) not more than 5% of the issued shares in any company engaging any Restricted Business (the “**Subject Company**”) which is listed on the Stock Exchange or any other recognized stock exchanges; or
- (b) the Subject Company whose Restricted Business accounts for less than 5% of its consolidated turnover or assets, as shown in the Subject Company’s latest audited accounts, provided that there is a holder (with its close associates where appropriate) with a larger shareholding in the Subject Company than the aggregate shareholding held by any of our Controlling Shareholders and/or their respective associates and the total number of representatives of any of our Controlling Shareholders on the board of directors of the Subject Company is not significantly disproportionate in relation to his/her or its shareholding in the Subject Company.

If any investment or other business opportunity relating to our business (“**Business Opportunity**”) is identified by our Controlling Shareholders or their associates and/or companies controlled by them, they shall refer such Business Opportunity to our Group; and (i) shall grant a right of first refusal to our Company to take up such Business Opportunity and shall procure that such Business Opportunity is offered to our Company on terms no less favorable than the terms on which such opportunity is offered to such Controlling Shareholder and/or his/its associates; and (ii) shall not and shall procure his/its associates not to pursue such Business Opportunity unless such opportunity is rejected by our Company, written approval is obtained from a majority of the independent non-executive Directors, and the principal terms of which he/it, their respective associates or companies controlled by them pursue such opportunity are no more favorable than those made available to our Company and such terms being fully disclosed to our Company prior to consummation of such opportunity.

Pursuant to the Deed of Non-Competition, the above restrictions shall cease to have effect on the Controlling Shareholders the earliest of the date on which (i) the Controlling Shareholders together with their associates collectively cease to hold directly or indirectly in aggregate 30% or more of the entire issued share capital of our Company, or otherwise ceases to be the Controlling Shareholders or (ii) the Shares cease to be listed and traded on the Stock Exchange.

Further, the independent non-executive Directors will review, on an annual basis, the compliance of our Controlling Shareholders with the Deed of Non-competition (in particular, the right of refusal relating to any Business Opportunity) and our Company will disclose findings or decisions on matters reviewed by the independent non-executive Directors relating to compliance with and the enforcement of the Deed of Non-Competition in our annual report.

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTERESTS

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests as well as resolving actual and/or potential conflicts of interests between our Company and our Controlling Shareholders. Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and ensure due performance of the Deed of Non-Competition so as to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will be responsible for evaluating the Business Opportunity with reference to the proposed terms of the transaction under the Business Opportunity and the benefits that may be brought to our Group and our Shareholders as a whole as a result of the Business Opportunity and will decide whether to pursue or decline the Business Opportunity;
- (b) our Controlling Shareholders undertake to provide all details reasonably necessary for our Company to consider whether to pursue such Business Opportunity, and if there is any material change in the nature, terms or conditions of such Business Opportunity, our Controlling Shareholders shall refer such Business Opportunity to our Group as if it were a new Business Opportunity;
- (c) if appropriate, our independent non-executive Directors may appoint independent financial advisers to assist in the decision-making process in relation to such Business Opportunity;
- (d) our Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors in respect of the compliance with the Deed of Non-Competition;
- (e) our independent non-executive Directors will review, on an annual basis, the compliance of our Controlling Shareholders with the Deed of Non-competition, in particular the right of refusal relating to any Business Opportunity and our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition in our annual report;
- (f) our Company has appointed WAG Worldsec Corporate Finance Limited as our compliance adviser which shall provide us with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws; and
- (g) adopt the Articles which provides that a Director shall not vote on any resolutions of our Board in relation to any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested and shall not be counted in the quorum of the meeting where such resolution is considered, unless otherwise provided in the Articles.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Board consists of eight Directors, among which there are three executive Directors, two non-executive Directors, and three independent non-executive Directors.

The following table sets out certain information in respect of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Present position	Major roles and responsibilities	Relationship with other Directors and senior management
Mr. Lui Wing Wai (呂永懷)	57	August 13, 2007	October 8, 2018	Executive Director and Chairman of the Board and CEO of our Group	Overseeing the overall operation and management of our Group	Younger brother of Mr. Lui Wing Mau and Mr. Lui Wing Nam. Uncle of Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling. Younger cousin of Mr. Xie Jian Qing.
Mr. Lui Wing Mau (呂永茂)	67	August 13, 2007	October 8, 2018	Non-executive Director	Providing corporate governance guidance to our Board and advising on the business strategies of our Group	Elder brother of Mr. Lui Wing Nam and Mr. Lui Wing Wai. Father of Mr. Lui Jin Ling. Uncle of Mr. Lui Chi Chung Jimmy. Elder cousin of Mr. Xie Jian Qing.
Mr. Lui Wing Nam (呂永南)	64	August 13, 2007	October 8, 2018	Non-executive Director	Providing corporate governance guidance to our Board and advising on the business strategies of our Group	Younger brother of Mr. Lui Wing Mau and elder brother of Mr. Lui Wing Wai. Father of Mr. Lui Chi Chung Jimmy. Uncle of Mr. Lui Jin Ling. Elder cousin of Mr. Xie Jian Qing.
Mr. Lui Jin Ling (呂進亮)	37	August 13, 2007	October 8, 2018	Executive Director	Overseeing the cost planning and management functions of our Group	Son of Mr. Lui Wing Mau. Nephew of Mr. Lui Wing Nam and Mr. Lui Wing Wai. Cousin of Mr. Lui Chi Chung Jimmy. Nephew of Mr. Xie Jian Qing.
Mr. Lui Chi Chung Jimmy (呂志聰)	39	August 13, 2007	October 8, 2018	Executive Director	Overseeing the risk management functions of our Group	Son of Mr. Lui Wing Nam. Nephew of Mr. Lui Wing Mau and Mr. Lui Wing Wai. Cousin of Mr. Lui Jin Ling. Nephew of Mr. Xie Jian Qing.
Mr. Wan Ho Yin (溫浩然)	43	June 20, 2020	June 20, 2020	Independent non-executive director	Providing independent advice on the operations and management of our Group	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Date of joining our Group	Date of appointment as Director	Present position	Major roles and responsibilities	Relationship with other Directors and senior management
Mr. Guo Shaomu (郭少牧)	54	June 20, 2020	June 20, 2020	Independent non-executive director	Providing independent advice on the operations and management of our Group	None
Ms. Tang Lo Nar (鄧露娜)	47	June 20, 2020	June 20, 2020	Independent non-executive director	Providing independent advice on the operations and management of our Group	None

The following table sets forth certain information in respect of the senior management of our Group:

Name	Age	Date of joining our Group	Present position	Major roles and responsibilities	Relationship with other Directors and senior management
Mr. Xie Jian Qing (謝劍青)	58	August 13, 2007	Executive president of our Group	Overseeing the administrative and human resources management functions of our Group	Younger cousin of Mr. Lui Wing Mau and Mr. Lui Wing Nam. Elder cousin of Mr. Lui Wing Wai. Uncle of Mr. Lui Jin Ling and Mr. Lui Chi Chung Jimmy
Mr. Qiu Kai Bing (裘開兵)	49	October 9, 2017	Vice-president of our Group	Overseeing the accounting, financial planning, and treasury functions of our Group	None
Mr. Chen Wen Liang (陳文涼)	52	January 3, 2008	Vice-president of our Group	Overseeing the investment function of our Group	None
Mr. Dai Xiao Feng (戴小峰)	40	May 29, 2018	Vice-president of our Group	Overseeing the operation management functions of our Group	None
Mr. Wang Guo Zhen (王國震)	41	March 1, 2013	Vice-president of our Group	Overseeing the project design and management functions of our Group	None
Mr. Zhu Hui (朱檣)	36	July 16, 2019	Vice-president of our Group	Overseeing the sales and marketing function of our Group	None
Mr. Lam Yu Tin Eugene (林雨田)	42	October 25, 2018	Chief financial officer and company secretary	Oversee the corporate finance, financial reporting, compliance functions of our Group	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EXECUTIVE DIRECTORS

Mr. Lui Wing Wai (呂永懷), aged 57, is one of our executive Directors, one of the founders of our Group, chairman of the Board and CEO of our Group. He is responsible for formulating and overseeing the strategic planning of our Group. He was appointed as a Director on October 8, 2018 and is re-designated as an executive Director on September 17, 2019.

Since the establishment of our Group, Mr. Lui has gained 12 years of experience in the property development industry. Mr. Lui has also served as a director of our various subsidiaries, including Ganglong Realty, Ganglong Mingyang, Ganglong Huayang, Yancheng Ganglong and Jiangsu Ganghua, since August 2007, February 2010, November 2012, August 2010 and August 2013, respectively. Prior to founding our Group, Mr. Lui manages and operates the business in Kin Hing Hong Textiles Limited, a company principally engaged in trading of textile product from March 1993 to June 2005 as a director. For further details of Kin Hing Hong, please refer to the section headed “Relationship with our Controlling Shareholders and non-competition undertaking — Other interests of our Controlling Shareholders” of this prospectus.

Mr. Lui completed EMBA courses in Nanjing University of Science and Technology in Nanjing in 2013.

Mr. Lui is the younger brother of Mr. Lui Wing Mau and Mr. Lui Wing Nam; the uncle of Mr. Lui Chi Chung Jimmy and Mr. Lui Jin Ling; and the younger cousin of Mr. Xie Jian Qing.

Mr. Lui Jin Ling (呂進亮), aged 37, is one of our executive Directors and one of the founders of our Group. He is responsible for overseeing the cost planning and management functions of our Group. He was appointed as a Director on October 8, 2018 and is re-designated as an executive Director on September 17, 2019.

Prior to founding our Group, Mr. Lui joined Kin Hing Hong Textiles Limited in April 2006 as a marketing manager and was responsible for its daily operation and marketing; and he remained involved in customer relationship management on part-time basis since shifting his business focus to our Group in July 2007. Since the establishment of our Group, Mr. Lui has gained 12 years of experience in the property development industry. Mr. Lui has also served as a director of our various subsidiaries, including Ganglong Realty, Ganglong Mingyang, Ganglong Huayang, Yancheng Ganglong, Ganglong Zhongyang and Luoyang Ganglong, since August 2007, February 2010, November 2012, August 2010, April 2018 and April 2018, respectively.

Mr. Lui studied Computer Engineering at the University of California, Irvine from January 2004 to March 2005.

Mr. Lui is the son of Mr. Lui Wing Mau; the nephew of Mr. Lui Wing Nam and Mr. Lui Wing Wai; the younger cousin of Mr. Lui Chi Chung Jimmy; and the nephew of Mr. Xie Jian Qing.

Mr. Lui was a director of the following private company which was incorporated in Hong Kong with limited liability and was dissolved on a voluntary basis by way of deregistration as it ceased to carry on business. As confirmed by Mr. Lui, this company was inactive and solvent at the time it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

<u>Company name</u>	<u>Nature of business before dissolution</u>	<u>Nature of proceeding</u>	<u>Date of dissolution</u>
Creation Choice Limited (先進有限公司)	Property holding	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	January 28, 2011

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lui Chi Chung Jimmy (呂志聰), aged 39, is one of our executive Directors and one of the founders of our Group. He is responsible for overseeing the risk management functions of our Group. He was appointed as a Director on October 8, 2018 and was appointed as an executive Director on September 17, 2019.

Prior to founding our Group, Mr. Lui joined Kin Hing Hong Textiles Limited from January 2005 as a marketing manager and was responsible for its daily operation and marketing; and he remained involved in customer relationship management on part-time basis since shifting his business focus to our Group in July 2007. Since the establishment of our Group, Mr. Lui has gained 12 years of experience in the property development industry. Mr. Lui Chi Chung Jimmy has served as the director of our various subsidiaries, including Ganglong Realty, Ganglong Mingyang and Ganglong Huayang since August 2007, February 2010 and October 2016.

Mr. Lui obtained a Bachelor of Science in Business Administration in January 2005 from Chapman University in the United States.

Mr. Lui is the son of Mr. Lui Wing Nam; the nephew of Mr. Lui Wing Mau and Mr. Lui Wing Wai; the elder cousin of Mr. Lui Jin Ling; and the nephew of Mr. Xie Jian Qing.

Mr. Lui was a director of the following private company which was incorporated in Hong Kong with limited liability and was dissolved on a voluntary basis by way of deregistration as it ceased to carry on business. As confirmed by Mr. Lui, this company was inactive and solvent at the time it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

<u>Company name</u>	<u>Nature of business before dissolution</u>	<u>Nature of proceeding</u>	<u>Date of dissolution</u>
Wealthy China Investment Limited (華盛投資有限公司)	Property holding	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	September 30, 2011

NON-EXECUTIVE DIRECTORS

Mr. Lui Wing Mau (呂永茂), aged 67, is one of our non-executive Directors and one of the founders of our Group. He was responsible for advising on strategy and overall development of our Group. He was appointed as a Director on October 8, 2018 and is appointed as a non-executive Director on September 17, 2019.

Mr. Lui has also served as a director of Ganglong Huayang, one of our subsidiaries, since November 2012.

Prior to founding our Group, Mr. Lui manages and operates the business in Kin Hing Hong Textiles Limited, a company principally engaged in trading of textile products from March 1993 to June 2005 as a director and remains responsible for the overall business strategy and business direction thereafter. For further details of Kin Hing Hong, please refer to the section headed “Relationship with our Controlling Shareholders — Other interests of our Controlling Shareholders” of this prospectus.

Mr. Lui completed his secondary education in the PRC in the 1960s.

Mr. Lui is the father of Mr. Lui Jin Ling; the elder brother of Mr. Lui Wing Nam and Mr. Lui Wing Wai; the uncle of Mr. Lui Chi Chung Jimmy; and the elder cousin of Mr. Xie Jian Qing.

Mr. Lui was a director of the following private company of which was incorporated in Hong Kong with limited liability and was dissolved on a voluntary basis by way of deregistration as it ceased to carry on business. As confirmed by Mr. Lui, this company was inactive and solvent at the time it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

<u>Company name</u>	<u>Nature of business before dissolution</u>	<u>Nature of proceeding</u>	<u>Date of dissolution</u>
Cartina Limited (嘉友有限公司).....	Property holding	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	August 16, 2002
Good Creator Limited (佳暉有限公司).....	Property holding	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	November 18, 2005

Mr. Lui Wing Nam (呂永南), aged 64, is one of our non-executive Directors and one of the founders of our Group. He is responsible for advising on strategy and overall development of our Group. He was appointed as a Director on October 8, 2018 and is appointed as a non-executive Director on September 17, 2019.

Mr. Lui has also served as a director of our various subsidiaries, including Ganglong Realty, Ganglong Mingyang, Ganglong Huayang and Yancheng Ganglong, since August 2007, February 2010, November 2012 and August 2010, respectively.

Prior to founding our Group, Mr. Lui manages and operates the business in Kin Hing Hong Textiles Limited, a company principally engaged in trading of textile products from March 1993 to June 2005 as a director and remains responsible for the overall business strategy and business direction thereafter. For further details of Kin Hing Hong, please refer to the section headed “Relationship with our Controlling Shareholders and non-competition undertaking — Other interests of our Controlling Shareholders” of this prospectus.

Mr. Lui completed his secondary education in the PRC in the 1970s.

Mr. Lui is the father of Mr. Lui Chi Chung Jimmy; the younger brother of Mr. Lui Wing Mau and the elder brother of Mr. Lui Wing Wai; the uncle of Mr. Lui Jin Ling; and the elder cousin of Mr. Xie Jian Qing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wan Ho Yin (溫浩然), aged 43, is appointed as an independent non-executive Director on June 20, 2020. He is responsible for providing independent advice to our Board. He is also a member of the Remuneration Committee and Nomination Committee and the chairman of the Audit Committee of our Board.

Mr. Wan has more than 18 years of experience in accounting and finance. He started his career in Ernst & Young, an international accounting firm, from December 2000 to September 2004 and was promoted to the position of senior accountant. Mr. Wan then served as an accountant with the finance and accounts department for Asia Standard International Group Limited from August 2004 to October 2005. After that, he was employed as senior accountant by Denox Management Limited from October 2005 to April 2006. He then worked with audit department of Deloitte Touche Tohmatsu from April 2006 to September 2014 and left as senior manager. Mr. Wan has joined Man King Holdings Limited (stock code: 2193), a construction and civil engineering service provider, since September 2014 as chief financial officer and company secretary, and is primarily responsible for its financial affairs, engaging and overseeing all aspects of the corporate financial activities, internal control, treasury and investors’ relation. Mr. Wan was also appointed as a non-executive director in June 2017 of Twintek Investment Holdings Limited (stock code: 6182), a building materials and relevant installation service provider, and is mainly responsible for advising the internal audit function and performing independent appraisal of the adequacy and effectiveness of the group’s risk management and internal control systems.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wan graduated with a bachelor degree of business administration in accounting from Hong Kong Baptist University in December 1999. He was admitted as a member of the Association of Chartered Certified Accountants in June 2003. He was also admitted as an associate of Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in May 2003.

Mr. Guo Shaomu (郭少牧), aged 54, is appointed as an independent non-executive Director on June 20, 2020. He is responsible for providing independent advice to our Board. He is also a member of the Audit Committee and Nomination Committee, and the chairman of the Remuneration Committee of our Board.

Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo worked in Salomon Smith Barney, an investment bank principally engaged in providing financial services (then an investment banking arm of Citigroup Inc.), where he served as an associate and he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo worked in HSBC Markets (Asia) Limited, an investment bank principally engaged in providing financial services, where his last position is associate director and he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo worked in J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where his last position was executive director in Investment Coverage/Merger & Acquisition Department and he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo worked in the real estate team of Morgan Stanley Asia Limited, an investment bank principally engaged in providing financial services, where his last position is a managing director in the Investment Banking Division and he was one of the key members responsible for the business in the real estate sector in the Greater China region.

Since June 2014, Mr. Guo has been an independent non-executive director of Yida China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3639), a real estate developer in the PRC. Since February 2015, Mr. Guo has been an independent non-executive director of Fantasia Holdings Group Co., Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1777), a real estate developer in the PRC.

Mr. Guo obtained his Bachelor's degree in electrical engineering from Zhejiang University in July 1989, a Master's degree in computer engineering from the University of Southern California in May 1993 and a Master's degree in business administration from the School of Management of Yale University in May 1998.

Mr. Guo was a director of the following private companies which were incorporated in Hong Kong with limited liability and were dissolved on a voluntary basis by way of deregistration as they ceased to carry on business. As confirmed by Mr. Guo, these companies were inactive and solvent at the time they were dissolved and there was no wrongful act on his part leading to the dissolution and he was not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

<u>Company name</u>	<u>Nature of business before dissolution</u>	<u>Nature of proceeding</u>	<u>Date of dissolution</u>
MJL Fun Limited	Investment holding	Dissolved (Deregistration under section 751 of the Companies Ordinance)	February 6, 2015
LJMJL Advisors (HK) Limited	Business consultancy	Dissolved (Deregistration under section 751 of the Companies Ordinance)	June 21, 2019

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Tang Lo Nar (鄧露娜), aged 47, is appointed as an independent non-executive Director on June 20, 2020. She is responsible for providing independent advice to our Board. She is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of our Board.

Ms. Tang has over 24 years of experience in accounting, tax, audit, company secretarial and finance. She began her career by joining Ernst & Young, an international accounting firm in September 1995 where she last served as a Senior Staff Accountant II. Ms. Tang then joined KPMG Tax Limited, an international tax service provider in March 2001, where she was involved in a wide range of tax compliance and advisory tasks and left in August 2004 as a Tax Manager. Ms. Tang began her own business by establishing TLN Co., Ltd. in Hong Kong in August 2004 to provide accounting, management consultancy, tax planning and company secretarial services. Ms. Tang was the company secretary of two Hong Kong Main Board listed companies, namely Asia Resources Holdings Limited (stock code: 899) and Karce International Holdings Company Limited (currently known as Starlight Culture Entertainment Group Limited) (stock code: 1159), for the periods from December 2008 to April 2010 and from January 2009 to April 2010 respectively. She was then the company secretary of Yueshou Environmental Holdings Limited (currently known as China Gem Holdings Limited) (stock code: 1191), which is principally engaged in the provision of financial service from March 2012 to October 2014. Ms. Tang also took up the role as the company secretary for ISP Global Limited (stock code: 8487), a company principally engaged in the sale of sound and communication systems and related services since September 2018. Ms. Tang joined Shuanghua Holdings Limited (stock code: 1241), a China-based company principally engaged in the manufacture and sales of auto air-conditioner parts and components since May 2011 as the chief financial officer and the company secretary, and she was re-elected as an executive director in June 2015.

Ms. Tang obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in October 1995. She further obtained a master degree in English for the professions from The Hong Kong Polytechnic University and another master degree in applied finance from University of Western Sydney in November 2002 and September 2004 respectively. She is a Fellow of the Association of chartered Certified Accountants and a member of Hong Kong Society of Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

Ms. Tang was a director of the following private companies which were incorporated in Hong Kong with limited liability and were dissolved on a voluntary basis by way of deregistration as they ceased to carry on business. As confirmed by Ms. Tang, these companies were inactive and solvent at the time they were dissolved and there was no wrongful act on her part leading to the dissolution and she was not aware of any actual or potential claim that has been or will be made against her as a result of such dissolution.

<u>Company Name</u>	<u>Nature of Business before Dissolution</u>	<u>Nature of proceeding</u>	<u>Date of Dissolution</u>
FTO Corporate Finance Limited (隆誠企業財務顧問有限公司)	Company accounting, tax planning and secretarial service	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	May 16, 2013
Mighty Consultancy Limited (萬有諮詢服務有限公司)	Media institution	Dissolved (Deregistration under section 291AA of the Predecessor Companies Ordinance)	July 20, 2012
Shuanghua Hong Kong Limited (雙樺香港有限公司).....	Import and export of sales of air-conditioner parts and components	Dissolved (Deregistration under section 751 of the Companies Ordinance)	June 5, 2020

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed in this prospectus, each of our Directors has confirmed that (i) he/she has no interests in the Shares within the meaning of Part XV of the SFO; (ii) he/she is independent from, and is not related to, any other Directors, members of the senior management, substantial shareholders or Controlling Shareholders; (iii) he/she has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years, and (iv) there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his/her appointment.

SENIOR MANAGEMENT

Mr. Xie Jianqing (謝劍青), aged 58, is the executive president of our Group. He joined our Group in August 2007. He is responsible for overseeing our administration and human resources management function of our Group.

Prior to joining our Group, he worked as a researcher at the Fujian Institute of Tropical Crops* (福建省熱帶作物科學研究所), an institute under the agricultural department of Fujian province, which specializes in the research of tropical and subtropical crops from August 1983 to March 1993. He was the executive director, legal representative and majority shareholder of Zhangzhou Qingya Garden Development Co., Ltd. (漳州市青亞園林開發有限公司) until 2016, a company which was principally engaged in landscape engineering.

Mr. Xie obtained Bachelor of Agriculture, with a specialization in Horticulture from Fujian College of Agriculture* (福建農學院) in July 1983.

Mr. Xie is the younger cousin of Mr. Lui Wing Mau, Mr. Lui Wing Nam and the elder cousin of Mr. Lui Wing Wai.

Mr. Qiu Kaibing (裘開兵), aged 49, is one of the vice-presidents of our Group. He joined our Group in October 2017. He is responsible for overseeing the accounting, financial planning, tax and treasury functions of our Group.

Mr. Qiu has more than 25 years of experience in accounting and finance. From November 1993 to May 2003, he worked in Paralight Nan Jing Electronics Co., Ltd.* (南京華鼎電子有限公司), a company which is principally engaged in manufacturing of LED light and its affiliate companies, where his last position is finance manager. From June 2003 to September 2015, Mr. Qiu worked as financial controller in various subsidiaries in Yurun Group Company Limited* (雨潤控股集團有限公司), a conglomerate based in Nanjing. From September 2015 to February 2016, he worked in Jiangsu Jindadi Property Development Co., Ltd (江蘇金大地房地產開發有限責任公司) as the general manager in the finance department. From April 2016 to September 2016, he worked in Jiuhejian Investment Co., Ltd.* (九合建設投資有限公司) as the chief officer in the corporate finance department.

Mr. Qiu studied in Advance Program on Business Management for Corporate Executive (企業總裁工商管理高級研修班) in Tsinghua University, in December 2013. Mr. Qiu graduated from a four-year program in 輕工業部南京機電學校 (Ministry of Light Industry Nanjing Electrical and Mechanical School) majoring in industrial management (foreign accounting) in July 1991.

Mr. Chen Wenliang (陳文涼), aged 52, is one of the vice-presidents of our Group and he is primarily responsible for overseeing our investment function of our Group. He joined our Group in January 2008.

Prior to joining our Group, Mr. Chen worked at Jiangsu Changfa Property Co., Ltd. (江蘇常發地產集團有限公司) from February 2003 to September 2007, where his last position is the regional general manager of the Changzhou office. Before that, Mr. Chen worked at Changzhou City Development Co., Ltd. (常州市城市綜合開發公司), a company principally engaged in property development, where his last position was deputy manager.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Chen obtained a Bachelor's degree in Engineering (Civil Engineering) from Southeast University (東南大學) in July 1990. He held the Engineer qualification issued by the Personnel Bureau of Changzhou City* (常州市人事局) since October 2002.

Mr. Dai Xiaofeng (戴小峰), aged 40, is one of the vice-presidents of our Group, and has been with our group since May 2018. Mr. Dai is responsible for overseeing the project operation of our Group.

From August 2002 to October 2004, Mr. Dai was an assistant engineer at China Construction Eighth Division Installation Co., Ltd.* (中建八局安裝公司), a construction contractor. From October 2004 to May 2016, Mr. Dai worked in Jiangsu Changfa Property Group Co., Ltd.* (江蘇常發地產集團有限公司), his last position was president of Jiangsu Changfa Property Group Co., Ltd.. Mr. Dai then worked at Zhongnan Real Estate Jinan Co.* (中南置地濟南區域公司), a company which is principally engaged in property development, from May 2016 to April 2018, as a regional president.

Mr. Dai completed a three-year vocational course from Nanjing Tech University (南京工業大學) in June 2002 majoring in Building Equipment Installation and Management. Mr. Dai further obtained a Bachelor's degree in Civil Engineering in January 2012 from Southeast University (東南大學). He is enrolled EMBA outreach program at Nanjing University since October 2018. He held the Engineer qualification issued by the Human Resource and Social Security Bureau of Changzhou (常州市人力資源和社會保障局) since September 2011.

Mr. Wang Guozhen (王國震), aged 41, is one of the vice-presidents of our Group and he is primarily responsible for overseeing the project design and management functions of our Group. He joined our Group in March 2013.

Mr. Wang over 15 years' experience in structural engineering. From August 2001 to March 2011, Mr. Wang was a structural designer at the Wuxi Architectural Design and Research Institute* (無錫市建築設計研究院有限責任公司), an architectural design institute. From April 2011 to February 2013, Mr. Wang worked as the Structural manager at Jiangsu Changfa Property Group Co., Ltd.* (江蘇常發地產集團有限公司).

Mr. Wang obtained a Bachelor's degree in Engineering (Building Engineering) from Southeast University (東南大學) in June 2001.

Mr. Zhu Hui (朱檉), aged 36, is one of the vice-presidents of our Group and he is primarily responsible for overseeing our sales and marketing function of our Group. He joined our Group in July 2019.

Mr. Zhu has more than 10 years of experience in sales and marketing. He joined Jiangsu Zhongnan Construction Group Co., Ltd.* (江蘇中南建設集團股份有限公司) in May 2008 and left in April 2019 as vice-general manager at marketing department, which is a company principally engaged in real estate sector and the shares of which are listed at Shenzhen Stock Exchange (stock code: 000961). Before joining our Group, Mr. Zhu worked at Hongyang Group Nantong Real Estate Co., Ltd.* (弘陽集團南通房地產有限公司) as assistant general manager from March 2019 to July 2019.

Mr. Zhu obtained a bachelor's degree in marketing from JiMei University (集美大學) in July 2005.

Mr. Lam Yu Tin Eugene (林雨田), aged 42, is the chief financial officer and company secretary of our Group and is mainly responsible for overseeing the corporate finance, financial reporting, compliance and company secretarial matters of our Group. He joined our Group in October 2018.

Mr. Lam has over 18 years of experience in accounting and finance. From September 1999 to March 2003, he worked in the Assurance & Business Advisory Services Department of PricewaterhouseCoopers, an international accounting firm. From May 2003 to March 2008, he worked as senior financial positions, namely finance manager and financial controller in various Hong Kong listed companies including Techwayson Holdings Limited (now known as China Uptown Group Company Limited) (stock code: 2330), Pacific Century Premium Developments Limited (stock code: 432) and Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) (stock code: 715). From April 2008 to

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

August 2017, he worked in Hong Kong Exchanges and Clearing Limited where his last position is assistant vice-president in Compliance & Monitoring, Listing & Regulatory Affairs Division. Before joining our Group, he worked in Huarong Investment Stock Corporation Limited (stock code: 2277), a financial asset management company in the PRC, where his last position was the deputy director of Business Monitoring Department.

Mr. Lam obtained a Bachelor's degree in business administration and a Master's degree in business administration, both from the Hong Kong University of Science and Technology in November 1999 and November 2005 respectively. He is a member of the Hong Kong Institute of Certified Public Accountants since January 2003 and a fellow of the Association of Chartered Certified Accountants since November 2007.

COMPANY SECRETARY

Mr. Lam Yu Tin Eugene, aged 42, was appointed as the company secretary of our Company on September 17, 2019. For his biographical details, please refer to the section headed "Directors, senior management and employees — senior management" of this prospectus.

AUTHORIZED REPRESENTATIVES

Mr. Lui Jin Ling and Mr. Lam Yu Tin Eugene are the authorized representatives of our Company.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Our Company has established an Audit Committee pursuant to a resolution of our Directors passed on June 20, 2020 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to our Board on appointment or reappointment and removal of external auditor; review financial statements of our Company and make judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the risk management and internal control procedures of our Group and to monitor any continuing connected transactions. The Audit Committee consists of four members, namely Mr. Wan Ho Yin, Mr. Lui Wing Nam, Ms. Tang Lo Nar and Mr. Guo Shaomu. Mr. Wan Ho Yin is the chairman of the Audit Committee.

Remuneration Committee

Our Company has established a Remuneration Committee on June 20, 2020 pursuant to a resolution in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of our Group and ensure that none of our Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three members, namely Ms. Tang Lo Nar, Mr. Guo Shaomu and Mr. Wan Ho Yin. Mr. Guo Shaomu is the chairman of the Remuneration Committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Nomination Committee

Our Company has established a Nomination Committee on June 20, 2020 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size and composition and the board diversity policy adopted by our Company on a regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to our Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of four members, namely Mr. Lui Wing Wai, Mr. Guo Shaomu, Ms. Tang Lo Nar and Mr. Wan Ho Yin. Mr. Lui Wing Wai is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

Pursuant to paragraph A.2.1 of the Corporate Governance Code, the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Lui Wing Wai is currently the Chairman of the Board and the CEO of our Group, responsible for strategic planning and managing of our Group's overall business and operations. Mr. Lui Wing Wai has been responsible for the overall management of our Group since the establishment of our Group. The Board believes that the current structure enables us to make and implement business decision swiftly and effectively which promotes our Group's development in line with other strategies and business direction. Our Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of our non-executive Director and independent non-executive Directors. Further, our Audit Committee, which consists a majority of independent non-executive Directors, has free and direct access to our Company's external auditors and independent professional advisers when it considers necessary. Therefore our Directors consider that the deviation from paragraph A.2.1 of the Corporate Governance Code is appropriate in such circumstance. In order to maintain good corporate governance and to fully comply with paragraph A.2.1 of the Corporate Governance Code, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and CEO separately.

Our Company has adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. We have taken into account our business development and strategy as well as the operational need when formulating the Diversity Policy. Under the Diversity Policy, our Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. Our Company seeks to achieve Board diversity through various factors, including but not limited to the industry experience, professional knowledge, talents, skills, education background, age, gender and length of services with our Group.

We believe our Board has a balanced matrix of knowledge, expertise, experiences and skills covering areas relating to property development and real estate in the PRC, financial management, accounting, internal control and corporate governance. Some of our Directors obtained academic degrees in business administration and accountancy which allow them to be equipped with relevant knowledge in business operation and management and the accounting of business organization. Furthermore, our Board has wide range of age, ranging from 37 years old to 66 years old. We also achieve gender diversity by having a female independent non-executive Director. On such premise, our Board is well balanced and diversified in alignment with the business development and strategy of our Group.

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 of the Listing Rules. Our Nomination Committee will review the Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose in the corporate governance report about the implementation of the Diversity Policy on annual basis.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

Our Group's principal policies concerning remuneration of Directors and senior management are determined based on the relevant Director or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of our Group and are made with reference to those paid by comparable companies. Our executive Directors and senior management may receive discretionary bonuses which shall be determined by our Board with regard to the performance of the relevant executive Director or member of senior management and the operating results of our Group as a whole in respect of the financial year. Our non-executive Director and independent non-executive Directors receive compensation in the form of a director fee. The aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses paid to our Directors for the three years ended December 31, 2019 were RMB1.6 million, RMB2.1 million and RMB4.1 million respectively. Our Directors confirmed that (i) they have fulfilled all tax reporting and payment obligations arising from their remuneration from our Group; and (ii) none of them have been involved in any proceedings or investigations related to their tax liability, including any of reporting and payment of tax.

COMPLIANCE ADVISER

Our Company has appointed WAG Worldsec Corporate Finance Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance adviser's agreement entered into between our Company and the compliance advisor are as follows:

- (1) the compliance adviser shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;
- (2) our Company may terminate the appointment of the compliance adviser by giving a 30 days' prior written notice to the compliance adviser. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance adviser will have the right to terminate its appointment as compliance adviser under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and
- (3) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:
 - (a) before the publication of any regulatory announcement, circular or financial report;
 - (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
 - (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
 - (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we publish our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering, and without taking into account any Shares that may be allotted and issued pursuant to the exercise of that the Over-allotment Option and any options which may be granted under the Share Option Scheme, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital or shares carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Percentage of shareholding in our Company
Huaxing	Beneficial owner	504,000,000	31.5%
Mr. Lui Wing Wai ^{Note 1}	Interest in controlled corporation	504,000,000	31.5%
Hualian	Beneficial owner	396,000,000	24.75%
Mr. Lui Wing Nam ^{Note 2}	Interest in controlled corporation	396,000,000	24.75%
Mr. Lui Chi Chung Jimmy ^{Note 2}	Interest in controlled corporation	396,000,000	24.75%
Hualong	Beneficial owner	300,000,000	18.75%
Mr. Lui Wing Mau ^{Note 3}	Interest in controlled corporation	300,000,000	18.75%
Mr. Lui Jin Ling ^{Note 3}	Interest in controlled corporation	300,000,000	18.75%

Notes:

1. These 504,000,000 Shares are held by Huaxing, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Wai and Mr. Lui Man Wai respectively. Mr. Lui Wing Wai is deemed to be interested in all the Shares held by Huaxing for the purpose of SFO. Please refer to “History, Reorganization and Group Structure — Acting-in-concert Confirmation” for further details.
2. These 396,000,000 Shares are held by Hualian, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively. Therefore, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy are each deemed to be interested in all the Shares held by Hualian for the purpose of SFO.
3. These 300,000,000 Shares are held by Hualong, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively. Therefore, Mr. Lui Jin Ling and Mr. Lui Wing Mau are each deemed to be interested in all the Shares held by Hualong for the purpose of SFO.

Except as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering, and without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital or shares carrying rights to vote in all circumstances at general meetings of any other member of our Group.

So far as our Directors are aware, as of the date of this prospectus, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly,

SUBSTANTIAL SHAREHOLDERS

interested in 10% or more of the nominal value of any class of share capital or shares carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Percentage of shareholding in our Company
Huaxing	Beneficial owner	420	42%
Mr. Lui Wing Wai ^{Note 1}	Interest in controlled corporation	420	42%
Hualian	Beneficial owner	330	33%
Mr. Lui Wing Nam ^{Note 2}	Interest in controlled corporation	330	33%
Mr. Lui Chi Chung Jimmy ^{Note 2}	Interest in controlled corporation	330	33%
Hualong	Beneficial owner	250	25%
Mr. Lui Wing Mau ^{Note 3}	Interest in controlled corporation	250	25%
Mr. Lui Jin Ling ^{Note 3}	Interest in controlled corporation	250	25%

Notes:

1. *These 420 Shares are held by Huaxing, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Wai and Mr. Lui Man Wai respectively. Mr. Lui Wing Wai is deemed to be interested in all the Shares held by Huaxing for the purpose of SFO. Please refer to “History, Reorganization and Group Structure — Acting-in-concert Confirmation” for further details.*
2. *These 330 Shares are held by Hualian, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively. Therefore, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy are each deemed to be interested in all the Shares held by Hualian for the purpose of SFO.*
3. *These 250 Shares are held by Hualong, a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively. Therefore, Mr. Lui Jin Ling and Mr. Lui Wing Mau are each deemed to be interested in all the Shares held by Hualong for the purpose of SFO.*

SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

As of the Latest Practicable Date, the authorized share capital of our Company consisted of HK\$100,000,000 divided into 10,000,000,000 Shares of a par value of HK\$0.01 per Share.

ISSUED SHARE CAPITAL

The following table sets forth the issued share capital of our Company immediately prior to and following the completion of the Capitalization Issue and the Global Offering:

	<u>(Nominal Value)</u>
	HK\$
Shares in issue as of the date of this prospectus	
1,000 Shares of a par value of HK\$0.01 each	10
Shares to be issued pursuant to the Capitalization Issue:	
1,199,999,000 Shares of a par value of HK\$0.01 each	11,999,990
Shares to be issued pursuant to the Global Offering:	
400,000,000 Shares of a par value of HK\$0.01 each	4,000,000
Shares in issue immediately following the Global Offering:	
1,600,000,000 Shares of a par value of HK\$0.01 each	16,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It also assumes that the Over-allotment Option is not exercised and does not take into account the exercise of any options that may be granted under the Share Option Scheme and any Shares which may be issued or repurchased pursuant to the general mandate given to the Directors for allotment and issue of Shares referred to in Appendix V to this prospectus or the repurchase mandate referred to in Appendix V to this prospectus, as the case may be.

RANKING

The Shares are ordinary shares in our share capital and rank equally with all the Shares currently in issue 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.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on June 20, 2020, and subject to the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorized to allot and issue a total of 1,199,999,000 Shares credited as fully paid at par on Listing Date to the holders of Shares, on the register of members of our Company in the Cayman Islands at the close of business on the business day preceding the Listing Date, in proportion to their existing respective shareholdings (save that no holder of Shares shall be entitled to be allotted or issued any fraction of a Share).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been

SHARE CAPITAL

taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, see the section headed “Summary of the Constitution of the Company and Cayman Companies Law — Articles of Association — Alteration of capital” in Appendix IV to this prospectus.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Companies Law” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any options or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

- 20% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme); and
- the total number of Shares repurchased by us (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under “Statutory and General Information — A. 7. Resolutions of our Shareholders dated June 20, 2020” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Stock Exchange) such number of not exceeding 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — A. 7. Resolutions of our Shareholders dated June 20, 2020” in Appendix V to this prospectus.

SHARE CAPITAL

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

CORNERSTONE INVESTORS

CORNERSTONE INVESTMENTS

As part of the International Offering, the Company and the Joint Global Coordinators have entered into cornerstone investor agreements with two cornerstone investors (each a “**Cornerstone Investor**” and together, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price a certain number of Offer Shares with certain investment amount (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$3.24 per Offer Share after making a 10% Downward Offer Price Adjustment, the Cornerstone Investors have agreed to subscribe for an aggregate of 24,690,000 Offer Shares, representing (a) approximately 1.54% of the total Shares in issue and approximately 6.18% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised; (b) approximately 1.48% of the total number of Shares in issue and approximately 5.36% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full; and without taking into account any Shares to be issued upon exercise of share options under the Share Option Scheme.

Assuming an Offer Price of HK\$3.60 per Offer Share, being the low-end of the indicative Offer Price range, the Cornerstone investors have agreed to subscribe for an aggregate of 22,222,000 Offer Shares, representing (a) approximately 1.38% of the total Shares in issue and approximately 5.56% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised; (b) approximately 1.34% of the total number of Shares in issue and approximately 4.84% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full; and without taking into account any Shares to be issued upon exercise of share options under the Share Option Scheme.

Assuming an Offer Price of HK\$3.85 per Offer Share, being the mid-point of the indicative Offer Price range, the Cornerstone Investors have agreed to subscribe for an aggregate of 20,778,000 Offer Shares, representing (a) approximately 1.30% of the total Shares in issue and approximately 5.20% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised; (b) approximately 1.26% of the total number of Shares in issue and approximately 4.52% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full; and without taking into account any Shares to be issued upon exercise of share options under the Share Option Scheme.

Assuming an Offer Price of HK\$4.10 per Offer Share, being the high-end of the indicative Offer Price range, the Cornerstone Investors have agreed to subscribe for an aggregate of 19,512,000 Offer Shares, representing (a) approximately 1.22% of the total Shares in issue and approximately 4.88% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised; (b) approximately 1.18% of the total number of Shares in issue and approximately 4.24% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full; and without taking into account any Shares to be issued upon exercise of share options under the Share Option Scheme.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules) and their respective associates; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, Directors, chief executive, Controlling Shareholders, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Controlling Shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates. Details of the actual number of Offer Shares to be

CORNERSTONE INVESTORS

allocated to the Cornerstone Investors will be disclosed in the allotment results announcement expected to be published by our Company on or around July 14, 2020.

The Cornerstone Placing will form part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Company. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to their respective cornerstone investor agreements). Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of our Company (as defined under the Listing Rules). As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, such that the Cornerstone Investors do not have any preferential rights in their respective cornerstone investor agreements as compared with other public Shareholders. To the best knowledge of our Company, there is no deferred settlement in payment and/or deferred delivery of the relevant Offer Shares to be subscribed by the Cornerstone Investors.

The Offer Shares to be subscribed for by the Cornerstone Investors may be affected by any adjustment of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering — The Hong Kong Public Offering”.

DETAILS OF THE CORNERSTONE INVESTORS

Cornerstone Investor (in alphabetical order)	Investment Amount (HK\$) ⁽¹⁾	Indicative Offer Price ⁽²⁾	Number of Offer Shares to be subscribed for ⁽³⁾	Approximate % of total number of Offer Shares ⁽⁴⁾		Approximate % of the total Shares in issue immediately following the completion of the Global Offering ⁽⁴⁾	
				Assuming that Over-allotment Option is not exercised	Assuming that Over-allotment Option is exercised in full	Assuming that Over-allotment Option is not exercised	Assuming that Over-allotment Option is exercised in full
Successful Lotus Limited	40,000,000	Downward Offer Price Adjustment of 10% below low-end: HK\$3.24 Low-end: HK\$3.60 Mid-point: HK\$3.85 High-end: HK\$4.10	12,345,000	3.09%	2.68%	0.77%	0.74%
			11,111,000	2.78%	2.42%	0.69%	0.67%
			10,389,000	2.60%	2.26%	0.65%	0.63%
			9,756,000	2.44%	2.12%	0.61%	0.59%
YBN Investments Limited	40,000,000	Downward Offer Price Adjustment of 10% below low-end: HK\$3.24 Low-end: HK\$3.60 Mid-point: HK\$3.85 High-end: HK\$4.10	12,345,000	3.09%	2.68%	0.77%	0.74%
			11,111,000	2.78%	2.42%	0.69%	0.67%
			10,389,000	2.60%	2.26%	0.65%	0.63%
			9,756,000	2.44%	2.12%	0.61%	0.59%

CORNERSTONE INVESTORS

Notes:

- 1. The investment amount is exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%.*
- 2. Being the Offer Price after making Downward Offer Price Adjustment of 10%, the low-end, mid-point and high-end of the indicative Offer Price range set out in this prospectus, respectively.*
- 3. Rounded down to the nearest whole board lot of 1,000 Shares.*
- 4. Without taking into account any Shares to be issued upon exercise of share options under the Share Option Scheme.*

We set forth below brief description of the Cornerstone Investors in alphabetical order.

Information about Successful Lotus Limited

Successful Lotus Limited was incorporated under the laws of the British Virgin Islands with limited liability and is an investment holding company wholly-owned by Dr. Lee Ka-kit. Dr. Lee Ka-kit is the chairman and the managing director of Henderson Land Development Company Limited, a company listed on the Main Board of Stock Exchange (stock code: 0012).

Information about YBN Investments Limited

YBN Investments Limited is an investment platform company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of YBN International Holdings Limited (a company incorporated under the laws of the British Virgin Islands with limited liability) which is controlled by CITIC YBN Capital Limited (“CITIC YBN”). To the best of our Director’s knowledge having made all reasonable inquiries, CITIC YBN is owned as to 46.75% by CITIC International Assets Management Limited (as further detailed below), as to 15% by a company which is ultimately wholly owned by one private investor, and as to 38.25% by a company ultimately owned by another four private investors as to 55.6%, 22.2%, 11.1% and 11.1% respectively. To the best of the Directors’ knowledge, having made all reasonable enquiries, these private investors are Independent Third Parties.

CITIC International Assets Management Limited, to the best of our Director’s knowledge having made all reasonable inquiries, is ultimately beneficially owned by two companies dual-listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, a company listed on the Boursa Kuwait, and another company listed on the Tokyo Stock Exchange.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe, and the obligation of the Company to issue and deliver, the Offer Shares pursuant to the relevant cornerstone investor agreement is conditional upon the following:

- (a) the Underwriting Agreements
 - (i) being entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the time and date as specified in the respective Underwriting Agreements;
 - (ii) having not been terminated;
- (b) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the Underwriters);
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;

CORNERSTONE INVESTORS

- (d) no laws or regulations shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transaction contemplated in the Global Offering or the subscription of the number of Offer Shares to be purchased by the relevant Cornerstone Investor under the relevant cornerstone investor agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor in the relevant cornerstone investor agreement remaining accurate, complete, true and not misleading in any material respect and there being no breach of the relevant cornerstone investor agreements by the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has undertaken that it shall not, whether directly or indirectly, at any time during the period of 6 months following the Listing Date (the “**Lock-up Period**”):

- (i) dispose of (as defined in the relevant cornerstone investor agreement) any of the Shares purchased by it pursuant to the relevant cornerstone investor agreement and any shares or other securities of the Company which are derived therefrom pursuant to any rights issue, capitalisation issue or other form of capital reorganisation of the Company (the “**Relevant Shares**”) or any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares;
- (ii) enter into any transactions, directly or indirectly, with the same economic effect as any such transaction described in (i) above; or
- (iii) agree or contract to, or publicly announce any intention to enter into any such transaction described in (i) and (ii) above.

FINANCIAL INFORMATION

The following discussion should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus. Our financial information is prepared in conformity with HKFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Accountant's Report and not rely merely on the information contained in this section.

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 the section headed "Risk Factors" in this prospectus. Unless the context otherwise requires, financial information in this section is described on a consolidated basis.

Unless otherwise specified, references in this section to "2017", "2018" and "2019" are to the years ended December 31, 2017, 2018 and 2019, respectively.

OVERVIEW

We are an established property developer in the Yangtze River Delta Region focusing on the development and sales of properties predominantly for residential use mixed with accompanying ancillary facilities, such as retail units, car parks and ancillary areas. Headquartered in Shanghai, we have established an active presence and a strategic regional coverage in the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in the PRC, which is expected to enjoy healthy economic growth continuously according to the Industry Report. During the Track Record Period, we derived our revenue from nine development projects in four cities for our development and sales of properties. For the three years ended December 31, 2019, our revenue from the development and sales of properties amounted to RMB433.9 million, RMB1,659.6 million and RMB1,978.0 million respectively, representing a CAGR of 113.5%; and our net profit amounted to RMB32.8 million, RMB332.0 million and RMB470.1 million, respectively, representing a CAGR of 278.6%.

We believe that our distinctive market positioning, excellent brand reputation, together with our efficient organizational structure and a diversified land acquisition strategy, all of which have contributed to our growth and have enabled us to replicate our success as we grow in our target markets.

BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the "History, Reorganization and Group Structure — Reorganization", our Company became the holding company of the companies now comprising our Group.

Immediately prior to and after the Reorganization, we have and will continue to conduct our business mainly through Ganglong Realty, Ganglong Mingyang and Ganglong Huayang and their subsidiaries which have been and are ultimately controlled by our Controlling Shareholders. The Reorganization is merely a reorganization of our Group's business with no change in the management and the ultimate owner of our Group remained the same. Accordingly, the financial information of our Group is presented using the carrying values of our business for all periods presented. The consolidated statements of 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 the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of our Group as of December 31, 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the

FINANCIAL INFORMATION

Controlling Shareholders' perspective, except for investment properties which are measured at fair value. 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. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on combination in full.

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:

Availability and Land Cost in Strategically Selected Locations

Land costs are one of the major components of our cost of sales for property development. Our continued business growth is highly dependent on our ability to secure and acquire quality land parcels at reasonable prices that can yield favorable returns. During the Track Record Period, we acquired land parcels through public tender, auction or listing-for-sale and acquisition of equity interests or investments in companies that hold land use rights. As the PRC economy continues to grow and demand for commodity properties remains relatively strong, we expect competition among property developers to intensify, especially in new markets in second-tier cities and core districts in third-tier cities in the Yangtze River Delta Region where most of our properties are located in. In addition, PRC governmental land supply policies and implementation measures are likely to further intensify competition, consequently, increase the land 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 significant portion of the actual cost of the relevant land and we are required to settle the land costs within the prescribed time limit after signing the land grant contract in accordance with relevant regulation, which has accelerated the timing of our payment for land costs and has had a significant impact on our cash flows. It is generally expected that land costs will continue to rise in the PRC as the economy continues to grow, which may materially and adversely affect our business and operating results.

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 and sales of our properties, as well as external financings, such as borrowings from commercial banks and other financing arrangements including trust financing. 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 that restrict the ability of property developers to obtain bank financings. 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. Trust financing arrangements provided by trust financing providers and other financial institutions usually have greater flexibility in terms of fund availability and repayment requirements. While trust financing providers and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. 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 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 and other financial institutions can make available for the PRC property development

FINANCIAL INFORMATION

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 property development business.

As of December 31, 2017, 2018 and 2019, our total outstanding borrowings (including bank and other borrowings) amounted to RMB317.5 million, RMB856.1 million and RMB2,853.3 million respectively. In the future, we may obtain further funding by accessing both the international and domestic capital markets to diversify our financing sources, secure sufficient working capital to support our business expansion. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

Timing of Property Development, Pre-sale and Delivery

The number of property development projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and difficulty of the project, and in general no revenue with respect to such project is recognized until it is recognized under the relevant accounting policy. Please refer to note 4 of the Accountant's Report set out in Appendix I to this prospectus for further details. Therefore, our cash flows and results of operation vary from period to period, subject to the selling prices and the GFA pre-sold /sold and recognized in the relevant periods. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. The 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 of a project are required to be used to finance its development. As a result of the time differences between cost incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

Macroeconomy of PRC and Regulatory Measures for the Property Sector in the PRC

Substantially all of our revenue during the Track Record Period was generated from operations relating to the residential property markets in the PRC. The conditions of the residential property markets in the PRC are significantly impacted by governmental policies and regulations in the PRC relating to property development.

From time to time, the PRC government adjusts its regulation of the property market depending on macroeconomic conditions to achieve policy goals, such as preventing the overheating of the property market or stimulating the property market during and after an economic downturn.

In recent years, in response to rising property prices across the country, the PRC government has implemented a series of measures aimed at controlling prices in the property market. Various administrative bodies have introduced policies and measures to discourage property purchase for speculation. These measures require, among other things, higher minimum down payments from purchasers, new restrictions on the purchase of properties, and increases in bank lending interest rates for mortgage financing. In addition, a substantial portion of our customers make down payments and rely on mortgage financing to purchase our properties. Accordingly, our business and results of operations may be affected by governmental policies and regulations in the PRC relating to property development, including those that have (i) increased taxes on title transfers and property ownership, (ii) increased down payment requirements for residential mortgages, (iii) tightened credit on financing and mortgage loans and (iv) restricted multiple home ownership and investments in residential property outside one's province of residence.

FINANCIAL INFORMATION

Construction and Labor Costs

Construction costs constitute a substantial portion of our cost of sales while labor costs of our staff constitute a significant portion of our expenses before our operating profits. Construction costs primarily consisted of construction contracting costs incurred for services rendered by our construction contractors. Any increase in construction costs will impact our cost of sales and overall project development costs. Furthermore, as we would commence pre-sales prior to completion of construction, we may not be able to pass any increase in construction costs subsequent to the pre-sales to our customers. In addition, labor costs also attribute to a substantial portion of our expenses before operating profits. Labor costs consists primarily of salaries and other benefits for our selling and marketing staff as well as our administrative staff, which may increase depending on the number of our staff and the employment market conditions from time to time. As a result, any significant increase in the construction costs and labor costs for property development may adversely affect our business, results of operations and financial condition.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. We incurred LAT expenses of RMB11.1 million, RMB33.1 million and RMB184.4 million, for the three years ended December 31, 2019, respectively. We have accrued LAT payable on our properties sales and transfers in compliance with the relevant LAT laws and regulations during the Track Record Period. However, the provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. 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 assumptions 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 to the Accountant's Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

We recognize revenue from sales of properties at a point in time when the buyer obtains control of the completed property. Our 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 our Group. Whether there is an enforceable right to payment depends on the terms of sales contract (by written or verbal) and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments interpretation.

We have also made judgment on when control of properties are transferred to customers. Control of properties are transferred to customer upon which the construction or relevant properties has been completed and upon which the properties has been handovered to the customers.

FINANCIAL INFORMATION

The judgment on the right to payment associated with the property sales transaction and the transfer of control of properties would affect our profit for the Track Record Period and the carrying value of completed properties held for sale.

Classification of subsidiaries, joint ventures and associated companies

The classification of an investment as a subsidiary, a joint venture or an associated company is based on whether our Group is determined to have control, joint control or significant influence over the investee, which involves judgments through the analysis of various factors, including our Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in our Group's consolidated financial statements, whereas the interests in joint ventures and associated companies are equity accounted for as investments on the consolidated statements of financial position.

Accordingly, any changes in classification as a result of recognition or derecognition of material investments could have a material and pervasive impact on the consolidated financial position.

Please refer to Note 2.2 to the Accountant's Report in "Appendix I" to the prospectus.

LAT

Our Group is subject to LAT in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and our Group's LAT calculation and payments are subject to finalization with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. Our Group recognizes these LAT based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalized with local tax authorities.

Income tax and deferred income tax

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Our Group recognizes tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

Provision for impairment of properties under development and completed properties held for sale

We assess the carrying amounts of properties under development and completed properties held for sale according to their net realizable value based on the realizability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realized. The assessment requires the use of judgment and estimates.

FINANCIAL INFORMATION

Impairment of non-financial assets

We assess whether there are any indicators of impairment for all non-financial assets at the end of each of the balance sheet dates. 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 the available data from binding sales 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.

Impairment of financial assets

Our loss allowance for financial assets are based on assumption about risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are set forth in Note 3.1(b) to the Accountant's Report included in Appendix I to this prospectus.

Fair value of investment properties

Investment properties including those completed investment properties, are carried at their fair value. The fair value of our investment properties was determined by reference to valuations conducted on these properties by an independent professional property valuer using property valuation techniques which involve certain assumptions of prevailing market conditions.

EFFECTS OF THE NEW AND AMENDMENTS TO HKFRS TO OUR GROUP

Adoption of HKFRS 9, HKFRS 15 and HKFRS 16

Our historical consolidated financial information has been prepared based on our underlying financial statements, in which HKFRS 9 "Financial instruments" ("**HKFRS 9**"), HKFRS 15 "Revenue from contracts with customers" ("**HKFRS 15**") and HKFRS 16 "Leases" ("**HKFRS 16**") have been adopted. We have applied HKFRS 9, HKFRS 15 and HKFRS 16 using the full retrospective approach with which the relevant accounting policies have been consistently applied to our Group's consolidated financial statements throughout the Track Record Period, such that our historical consolidated financial information prepared under HKFRS 9, HKFRS 15 and HKFRS 16 is comparable on a period-to-period basis.

HKFRS 9

HKFRS 9 has replaced the previous standard HKAS 39 "Financial Instruments" ("**HKAS 39**") and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have consistently applied HKFRS 9 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 9 on our financial statements as compared to the requirements of HKAS 39. All our financial assets and financial liabilities had been measured on the same bases under HKFRS 9 and HKAS 39 and the application of expected credit loss model under HKFRS 9 did not cause a material impact on the impairment loss allowance for our financial assets measured at amortized cost during the Track Record Period as compared with the incurred loss model under HKAS 39.

Based on the above, we believe that the adoption of HKFRS 9, as compared to the requirements of HKAS 39, did not have any significant impact on our financial position and performance during the Track Record Period.

FINANCIAL INFORMATION

HKFRS 15

HKFRS 15 has replaced the previous standard HKAS 18 “Revenue” (“**HKAS 18**”) and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have consistently applied HKFRS 15 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 15 on our financial statements as compared to the requirements of HKAS 18. As of December 31, 2017, 2018 and 2019, advances from customers of approximately RMB2,526.6 million, RMB3,653.8 million and RMB8,416.2 million, respectively, under HKAS 18 were classified as contract liability under HKFRS 15. In addition, as of December 31, 2017, 2018 and 2019, prepaid agency commission of approximately RMB10.0 million, RMB9.4 million and RMB16.6 million, respectively, under HKAS 18 were classified as contract asset under HKFRS 15.

Other than the classification impact described above, we believe that the adoption of HKFRS 15, as compared to the requirements of HKAS 18, did not have any significant impact on our financial position and performance during the Track Record Period.

HKFRS 16

HKFRS 16 has replaced the previous standard HKAS 17 “Leases” (“**HKAS 17**”) and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted.

We have consistently applied HKFRS 16 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 16 on our financial statements as compared to the requirements of HKAS 17 based on the principles set out in HKAS 17, and set forth below certain estimated key impact on our financial position and performance if HKAS 17 was adopted instead.

Under HKAS 17, operating lease commitments are disclosed separately in a note to the consolidated financial statement and are recognized outside of the consolidated statement of financial position. Under HKFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognized in the form of assets (being the right-of-use assets classified under properties, plant and equipment in our financial statements) and financial liabilities (being the lease liabilities in our financial statements) on our consolidated statements of financial position at the commencement of respective leases.

FINANCIAL INFORMATION

Other than the recognition of right-of-use assets and lease liability resulting in the increase in total assets and liabilities, the impact on profit after tax and net assets would have been not significant if HKAS 17 had been adopted. The table set forth below summarizes the impacts of the adoption of HKFRS 16 on certain key items of our consolidated financial statements and key ratios:

(in RMB'000)	Currently reported under HKFRS 16	As if reported under HKAS 17	Difference
	(a)	(b)	(a) – (b)
Profit after tax			
– For the year ended December 31, 2017	32,831	32,811	20
– For the year ended December 31, 2018	331,958	331,909	49
– For the year ended December 31, 2019	470,064	469,831	233
Total assets			
– As of December 31, 2017	5,266,273	5,264,257	2,016
– As of December 31, 2018	9,440,757	9,427,466	13,291
– As of December 31, 2019	22,892,752	22,875,670	17,082
Total liabilities			
– As of December 31, 2017	4,944,890	4,943,939	951
– As of December 31, 2018	8,739,584	8,730,769	8,815
– As of December 31, 2019	21,239,398	21,227,428	11,970
Net assets			
– As of December 31, 2017	321,383	320,318	1,065
– As of December 31, 2018	701,173	696,697	4,476
– As of December 31, 2019	1,653,354	1,648,242	5,112
Current ratio^(Note 1)			
– As of December 31, 2017	1.0	1.0	–
– As of December 31, 2018	1.1	1.1	–
– As of December 31, 2019	1.1	1.1	–
Gearing ratio^(Note 2)			
– As of December 31, 2017	98.8	98.8	–
– As of December 31, 2018	122.1	122.1	–
– As of December 31, 2019	172.6	172.6	–

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities.
- (2) Gearing ratio is calculated by dividing total debts (being the total interest-bearing loans including banks and other borrowings less cash and cash equivalents) by total equity as of the respective end of the year.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	433,931	1,659,593	1,978,034
Cost of sales	(338,928)	(1,148,938)	(1,133,507)
Gross profit	95,003	510,655	844,527
Other income	27,367	69,172	77,245
Selling and marketing expenses	(18,252)	(60,965)	(212,441)
General and administrative expenses	(29,868)	(90,072)	(250,454)
Fair value gains on investment properties	19,500	6,700	15,600
Operating profit	93,750	435,490	474,477
Finance income	1,487	2,542	8,607
Finance costs	(5,804)	(37,174)	(78,623)
Finance costs, net	(4,317)	(34,632)	(70,016)
Share of results of joint ventures and associates	(16,750)	80,093	359,427
Profit before income tax	72,683	480,951	763,888
Income tax expenses	(39,852)	(148,993)	(293,824)
Profit and total comprehensive income for the years ..	32,831	331,958	470,064
Attributable to:			
Owners of the Company	31,356	354,831	668,041
Non-controlling interests	1,475	(22,873)	(197,977)
	32,831	331,958	470,064

DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue from contracts with customers

Our revenue during the Track Record Period derived from sales of properties. For the three years ended December 31, 2019, our sales of properties amounted to RMB433.9 million, RMB1,695.6 million and RMB1,978.0 million, respectively.

Our revenue for any given period is mainly affected by the GFA delivered and the ASP of the properties we delivered during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which we operate. During the Track Record Period, our GFA delivered fluctuated from period to period depending on the size of the projects and the stage of their development. The ASP of properties sold also fluctuated from period to period depending mainly on the overall market demand and conditions at the times the properties pre-sold or sold, geographical location, design, target customer group, quality and overall costs of the properties sold.

The following table sets forth our GFA delivered and ASP for the periods indicated.

	Year ended December 31,		
	2017	2018	2019
Total GFA delivered (sq.m.)	77,452.74	227,582.28	250,586.32
ASP per sq.m. (RMB)	5,603	7,292	7,894

FINANCIAL INFORMATION

We usually charge a higher selling price on properties with higher ceiling height as they are generally more appealing to our customers which, however, may also lead to higher construction cost due to greater consumption of construction materials. In addition, retail properties situated in mixed-use complex generally have a lower average land cost per sq.m. sold than that of standalone retail units as the total land costs of a mixed-use complex are distributed among more property units (retail and/or commercial and residential).

Consistent with industry practice, we typically enter into pre-sale contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference between the time we commence the pre-selling of properties under development and the delivery of such properties. We recognize revenue from the delivery of properties when such properties are completed and the possession or legal title of such properties has been delivered to the customers. Proceeds from customers of pre-sold properties are recorded as “contract liabilities” under the current liabilities before relevant sales revenue is recognized. Since the revenue from sales of properties are only recognized upon the delivery of properties and the control of the properties has been transferred to the customers, the timing of such delivery may affect not only the amount and growth rate of our revenue from sales of properties but also may cause contract liabilities to fluctuate from period to period.

The following table sets forth our revenue from sales of properties by types of property for the periods indicated.

	Year ended December 31,					
	2017		2018		2019	
	Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%
Residential	311,426	71.8	1,527,221	92.0	1,876,723	94.9
Retail and commercial ⁽¹⁾	102,344	23.6	124,758	7.5	6,933	0.3
Car parks and garage/storage	20,161	4.6	7,614	0.5	94,378	4.8
Total	433,931	100.0	1,659,593	100.0	1,978,034	100.0

Note:

(1) Our retail and commercial properties mainly comprises of retail units ancillary to various residential properties developed by us except for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units.

FINANCIAL INFORMATION

Residential Properties

The table below sets out our revenue from sales of residential properties, the GFA delivered and the ASP of our residential properties by project for the periods indicated.

Project	Province	City	Year ended December 31,								
			2017			2018			2019		
			Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.
			RMB'000	Sq.m.	RMB	RMB'000	Sq.m.	RMB	RMB'000	Sq.m.	RMB
Hua Qiao Cheng (華僑城)	Jiangsu	Yancheng	309,341	59,298.71	5,217	-	-	-	5,543	608.67	9,107
Hua Qiao Xin Cheng (華僑新城)	Jiangsu	Yancheng	-	-	-	188,542	18,583.54	10,146	691,274	69,119.46	10,001
The Hong Kong Masterpiece (新港城)	Jiangsu	Changzhou	1,399	205.59	6,803	559,793	90,459.19	6,188	4,333	611.27	7,089
Hong Kong City (香江華庭)	Jiangsu	Changshu	686	103.62	6,618	452,182	63,520.70	7,119	-	-	-
Xiang Yu Hua Ting (香語華庭)	Jiangsu	Changshu	-	-	-	326,704	44,674.98	7,313	267,109	26,885.79	9,935
Jing Shan Xiu Shui (景山秀水)	Jiangsu	Lianyungang	-	-	-	-	-	-	908,464	99,042.92	9,172
Total			311,426	59,607.92	5,225	1,527,221	217,238.41	7,030	1,876,723	196,268.11	9,562

Sales of our residential properties were our principal revenue source during the Track Record Period, accounting for 71.8%, 92.0%, and 94.9% of our total revenue for the three years ended December 31, 2019, respectively.

Retail and Commercial Properties

The table below sets out the revenue from the sales of retail and commercial properties, the GFA delivered and the ASP of our retail and commercial properties by project for the periods indicated.

Project	Province	City	Year ended December 31,								
			2017			2018			2019		
			Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.	Revenue	GFA delivered	ASP per sq.m.
			RMB'000	Sq.m.	RMB	RMB'000	Sq.m.	RMB	RMB'000	Sq.m.	RMB
Ganglong Shang Ceng (港龍尚層)	Jiangsu	Changzhou	5,289	893.38	5,921	11,237	2,062.51	5,448	1,051	304.10	3,456
Ganglong Bauhinia Residence (港龍紫荊城)	Jiangsu	Changzhou	8,525	857.29	9,944	-	-	-	2,874	221.14	12,996
Hua Qiao Cheng (華僑城)	Jiangsu	Yancheng	87,768	5,141.08	17,072	54,481	2,929.83	18,595	3,008	332.46	9,048
Hua Qiao Xin Cheng (華僑新城)	Jiangsu	Yancheng	-	-	-	59,040	2,485.07	23,758	-	-	-
The Hong Kong Masterpiece (新港城)	Jiangsu	Changzhou	762	130.36	5,845	-	-	-	-	-	-
Total			102,344	7,022.11	14,575	124,758	7,477.41	16,685	6,933	857.70	8,083

Sales of our retail and commercial properties accounted for 23.6%, 7.5% and 0.3% of our total revenue for the three years ended December 31, 2019, respectively. Save for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units, other retail and commercial properties we sold during the Track Record Period were mainly retail units ancillary to various residential properties developed by us.

Car Parks and Garage/Storage

In order to enhance the attractiveness of our property projects, we also sold car parks and garage/storage as a supplement to sales of residential properties during the Track Record Period. Sales of our car parks and garage/storage in aggregate accounted for 4.6%, 0.5% and 4.8% of our total revenue for the three years ended December 31, 2019, respectively.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales represents the costs we incur directly for our sale of properties, which comprised construction costs, land costs and capitalized interest. For the three years ended December 31, 2019, our cost of sales was RMB338.9 million, RMB1,148.9 million and RMB1,133.5 million, respectively.

The table below sets forth a breakdown of our cost of sales and as percentage of total cost of sales for the periods indicated.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Construction costs	258,589	76.3	912,960	79.5	810,180	71.5
Land costs	80,179	23.7	235,978	20.5	313,378	27.6
Capitalized interest	160	-	-	-	9,949	0.9
Total	338,928	100.0	1,148,938	100.0	1,133,507	100.0

The following table sets forth certain data about our cost of sales for the periods indicated.

	Year ended December 31,		
	2017	2018	2019
Total GFA delivered (sq.m.)	77,452.74	227,582.28	250,586.32
Average cost per sq.m sold (RMB)	4,376	5,049	4,523
Average cost as % of ASP	78.1%	69.2%	57.3%
Average land costs per sq.m. sold (RMB)	1,035	1,037	1,251
Average land costs as % of ASP	18.5%	14.2%	15.8%

Construction Costs

Construction costs include all the costs incurred for the design and construction of a property project, primarily consisting of payments to our contractors for construction works of our property development projects. Our construction costs are affected by a number of factors, including the type and geographic condition of the properties being constructed, the contractors we engaged or the type and amount of construction materials to be used by our contractors, which may vary from city to city or project to project.

For illustrative purpose only, the table below sets forth a sensitivity analysis illustrating, for the periods indicated, the impact on our profit before income tax as if our construction costs had been 5% higher or lower, assuming all other variables remained constant.

	Year ended December 31,		
	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)
Increase/(decrease) in profit before income tax			
If construction costs had been 5% lower	12,929	45,648	40,509
As a percentage of profit before income tax	17.8%	9.5%	5.3%
If construction costs had been 5% higher	(12,929)	(45,648)	(40,509)
As a percentage of profit before income tax	-17.8%	-9.5%	-5.3%

FINANCIAL INFORMATION

Land Costs

Land costs relating to acquisition of the rights to occupy, use and develop land, including land grant fees and other land related taxes. These costs are affected by a number of factors, such as the location of the underlying property, the project’s plot ratios, regional property market condition, the timing of the land acquisition, the method of acquisition and changes in PRC promulgated policies and regulations. Please refer to “Risk Factors — We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices, which may affect our business, financial condition, results of operations and prospects” in this prospectus for the relevant risk in relation to our land costs.

For illustrative purpose only, the table below sets forth a sensitivity analysis illustrating, for the periods indicated, the impact on our profit before income tax as if our land costs had been 5% higher or lower, assuming all other variables remained constant.

	Year ended December 31,		
	2017	2018	2019
	(RMB’000)	(RMB’000)	(RMB’000)
Increase/(decrease) in profit before income tax			
If land costs had been 5% lower	4,009	11,799	15,669
As a percentage of profit before income tax.....	5.5%	2.5%	2.1%
If land cost had been 5% higher	(4,009)	(11,799)	(15,669)
As a percentage of profit before income tax.....	-5.5%	-2.5%	-2.1%

Capitalized interest

We capitalize a 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 comprehensive income in the period in which they are incurred.

During the Track Record Period, the development of certain of our major revenue generating projects were primarily financed by internal financial resources, pre-sale proceeds and advance from our Controlling Shareholders, and with only limited use of interest-bearing loans. As such, our cost of sales for the respective year ended December 31, 2017, 2018 and 2019 consisted of only limited capitalized interests as and when the revenue of these major revenue generating projects were recognized. We have gradually increased the use of interest-bearing loans to finance the development of our property development projects since 2018, and our Directors expect the capitalized interests recognized in such connection will be reflected in cost of sales when these projects are delivered in future periods.

Gross Profit and Gross Profit Margin

Our gross profit for the three years ended December 31, 2019 was RMB95.0 million, RMB510.7 million and RMB844.5 million, respectively. Our gross profit margin for the three years ended December 31, 2019 was 21.9%, 30.8% and 42.7% respectively.

The following table sets forth our gross profit and gross profit margin by type of properties delivered for the periods indicated.

FINANCIAL INFORMATION

	Year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Residential	56,357	18.1	438,737	28.7	787,597	42.0
Retail and commercial ⁽¹⁾	32,428	31.7	70,199	56.3	464	6.7
Car parks and garage/storages	6,218	30.8	1,719	22.6	56,466	59.8
Total	95,003	21.9	510,655	30.8	844,527	42.7

Note:

(1) Our retail and commercial properties mainly comprises of retail units ancillary to various residential properties developed by us except for Ganglong Shang Ceng which is a commercial development that primarily comprises of office units.

The changes in our gross profit margin during the Track Record Period were primarily affected by the selling prices, the construction costs and land costs of our properties for which control of such was transferred.

Residential properties

During the Track Record Period, our gross profit from sale of residential properties represented a major proportion of our gross profit. Our gross profit margin from sales of residential properties increased from 18.1% for the year ended December 31, 2017 to 28.7% for the year ended December 31, 2018 mainly due to the increase in our ASP from sales of residential properties including phase II of Hong Kong City (香江華庭), phase II of The Hong Kong Masterpiece (新港城) and phase I of Xiang Yu Hua Ting (香語華庭), being the major revenue contributing projects in 2018 that situated in Changzhou and Changshu respectively, which had higher ASP as compared to that of phase III of Hua Qiao Cheng (華僑城), being the major revenue contributing project in 2017 and situated in Yancheng, as commodity residential properties in Changzhou and Changshu generally had a higher ASP as compared to those situated in Yancheng. Our gross profit margin from sales of residential properties further increased to 42.0% for the year ended December 31, 2019, which was mainly attributable to the sales of residential properties of Jing Shan Xiu Shui (景山秀水) and Hua Qiao Xin Cheng (華僑新城) that entail relatively higher profit margins than most of our residential properties sold in other projects in 2018, since they comprised townhouses and some of which were delivered with fine decoration. Our gross profit from sales of residential properties of Jing Shan Xiu Shui and Hua Qiao Xin Cheng collectively accounted for 80.5% of our total gross profit for the year ended December 31, 2019.

In addition, properties delivered during the Track Record Period were developed on lands acquired in earlier years prior to the price hike of average land costs in the PRC in 2016. As such, our improved revenue and profitability during the Track Record Period was also partly attributable to the lower land costs.

Retail and commercial properties

Gross profit during the Track Record Period from sales of retail and commercial properties mainly included retail units ancillary to various residential properties we developed. Our gross profit margin from sales of retail and commercial properties increased from 31.7% for the year ended December 31, 2017 to 56.3% for the year ended December 31, 2018 mainly attributable to our sales of certain retail units of Hua Qiao Xin Cheng (華僑新城) at a relatively higher ASP as it is located at prime location and a lower average cost per sq.m. sold as being retail units situated in mixed-use complex. We recorded gross profit margin of only 6.7% for the year ended December 31, 2019 mainly because certain remaining retail units of phase III of Hua Qiao Cheng (華僑城) and Ganglong Shang Ceng (港龍尚層) were sold at a discount in 2019.

FINANCIAL INFORMATION

Other Income

Our other income during the Track Record Period primarily consisted of interest income from associates, joint ventures and other third parties, management and consulting service income and rental income.

Our management and consulting services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to our joint ventures and associates in relation to our property development projects, details of which are set out in the table below:

Project	Relevant joint ventures and associates	Bases of determining our service fee
Peony Sanjiang Park (牡丹三江公園)	Changzhou Mu Dan Jun Gang Real Estate Co., Ltd.* (常州牡丹君港置業有限公司)	a pre-determined fixed amount agreed by the parties with reference to the actual pre-sales commencement date and/or net profit margin
Bin Hai Xuan (濱海軒)	Haiyan Jinbi Real Estate Co., Ltd. (海鹽金碧房地產開發有限公司)	the salary of the staff and personnel assigned by our Group to the project company
Metropolis (新都會)	Nantong Zhuosu Real Estate Development Co., Ltd.* (南通卓蘇房地產開發有限公司)	a certain percentage of contracted sales
Elegant Mansion (觀棠花園)	Changzhou Jia Hong Real Estate Co., Ltd.* (常州嘉宏采菱置業發展有限公司)	a certain percentage of the budget management fee which was determined with reference to the contracted sales
Yunyue Heshan (雲樾河山)	Nan Tong Fu Li Teng Real Estate Co., Ltd.* (南通富利騰房地產開發有限公司)	a certain percentage of contracted sales
Starry Bay (麗景灣)	Nan Tong Chong Tong Real Estate Co., Ltd.* (南通崇通置業有限公司)	a certain percentage of contracted sales
Fontainebleau (楓丹壹號)	Zhejiang Gangda Property Co. Ltd.* (浙江港達置業有限公司)	a pre-determined fixed amount agreed by the parties with reference to net profit margin
Lakeside Mansion (湖悅天境)	Yi Xing Jia Yu Real Estate Co., Ltd.* (宜興市嘉譽房地產開發有限公司)	a certain percentage of the budget management fee which was determined with reference to the contracted sales
Imperial Garden (頤和樾園)	Rugao Xinbi Real Estate Development Co., Ltd.* (如皋市新碧房地產開發有限公司)	a certain percentage of contracted sales
The Asia Mansion (紫譽華庭)	Suzhou Zhengxi Real Estate Development Co., Ltd.* (蘇州正璽房地產開發有限公司)	a certain percentage of contracted sales
Country Garden - Fei Cui Hua Fu (碧桂園•翡翠華府)	Nantong Country Garden New District Property Co., Ltd.* (南通市碧桂園新區置業有限公司)	a certain percentage of net profit

FINANCIAL INFORMATION

Project	Relevant joint ventures and associates	Bases of determining our service fee
Country Garden - Bi Jing Ming Di (碧桂園•碧景名邸)	Zhangjiagang Jinbi Real Estate Co., Ltd.* (張家港金碧房地產開發有限公司)	a certain percentage of net profit
Country Garden - Feng Huang Tai (碧桂園•鳳凰台)	Zhangjiagang South City Country Garden Real Estate Development Co., Ltd.* (張家港城南碧桂園房地產開發有限公司)	a certain percentage of net profit
Long Ting Hua Fu (瓏庭華府)	Yancheng Xinbi Real Estate Development Co., Ltd.* (鹽城新碧房地產開發有限公司)	a certain percentage of net profit
Jun Yue Fu (璣悅府)	Yancheng Shunbi Real Estate Development Co., Ltd.* (鹽城市順碧房地產開發有限公司)	a certain percentage of net profit
Tianning Rong Yue Fu (天寧融悅府)	Changzhou Kaize Property Co., Ltd.* (常州市凱澤置業有限公司)	a certain percentage of contracted sales
Brown Stone Life (褐石源著)	Changshu Jin'an Ruichen Real Estate Development Co., Ltd.* (常熟市金安瑞宸房地產開發有限公司)	a certain percentage of the budget management fee which was determined with reference to the contracted sales
Shine Time (璀璨華庭)	Chang Shu Mao Long Real State Co., Ltd.* (常熟茂龍房地產開發有限公司)	a pre-determined fixed rate agreed by the parties

Our fee income from rendering management and consulting services is typically determined with reference to the type of services we provide, our involvement in the relevant project, the total contracted sales of the relevant project and our equity holding in the relevant project company. For further details on these property projects, please refer to “Business — Our project portfolio — Portfolio of our property development projects” in this prospectus.

The following table sets forth a breakdown of our other income for the periods indicated.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Management and consulting service income	–	14,958	46,974
Rental income	931	1,781	5,078
Interest income from associates, joint ventures and other third parties	26,238	51,199	23,382
Gains on disposal of property, plant and equipment	75	92	323
Others	123	1,142	1,488
	<u>27,367</u>	<u>69,172</u>	<u>77,245</u>

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of advertising and promotion expenses, employee benefit expenses in connection with our selling and marketing staff, office and travelling, sales commission, depreciation and others. Advertising and promotion expenses primarily include costs incurred in connection with our marketing and promotion programs and advertisements of our property projects. Please refer to “Business — Our project management and operation — Our project development and sales process — Sales and marketing — Sales and marketing activities” for our sales and marketing efforts in promoting our project developments. For the three years ended December 31, 2019, our selling and marketing expenses were RMB18.3 million, RMB61.0 million and RMB212.4 million, respectively,

FINANCIAL INFORMATION

representing 4.2%, 3.7% and 10.7% of our revenue in the respective periods. The increase in our selling and marketing expenses in 2018 was primarily due to the increase of employee benefit expenses as a result of the increase in monthly average headcount of selling and marketing staff by over 70 in 2018; and the increase in advertising and promotion expense for the ongoing sales of five new property projects or project phase during the year. The further increase in our selling and marketing expenses in 2019 was primarily due to the increase in advertising and promotion expenses attributable to 13 new property projects we promoted for pre-sales of properties during the year, coupled with the increase in employee benefit expenses as a result of the increase in monthly average headcount of selling and marketing staff by over 260 in 2019.

The following table sets forth a breakdown of key components of our selling and marketing expenses for the periods indicated.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Advertising and promotion expenses	7,919	43.4	18,088	29.7	90,215	42.5%
Employee benefit expenses	8,409	46.1	28,143	46.1	81,625	38.4%
Office and travelling	544	3.0	6,449	10.6	32,387	15.2%
Sales commission	966	5.3	6,200	10.2	3,435	1.6%
Depreciation	312	1.7	183	0.3	413	0.2%
Others	102	0.5	1,902	3.1	4,366	2.1%
Total	<u>18,252</u>	<u>100.0</u>	<u>60,965</u>	<u>100.0</u>	<u>212,441</u>	<u>100.0</u>

General and Administrative Expenses

General and administrative expenses primarily consist of employee benefit expenses in connection with administrative staff, entertainment and meeting expenses, management and consulting services fee, professional fees, depreciation, office expenses, travelling and transportation expenses, listing-expenses and others. The significant increase in our general and administrative expenses during the Track Record Period was primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of the increase in monthly average headcount of administrative staff by over 90 and 200 in 2018 and 2019, respectively, to cope with the expansion of our operations; and (ii) the listing expenses of RMB10.7 million and RMB10.1 million recognized during 2018 and 2019, respectively.

In addition, in 2019, we incurred RMB35.1 million management and consulting services fee for management services to our jointly developed projects with respect to, among others, strategic development and project management rendered by certain non-controlling shareholders of our relevant non-wholly owned subsidiaries and third parties.

Depending on negotiation and the relevant circumstances of the projects, such services may range from construction management, strategic procurement to costs control and human resources management, the fee of which is in general determined based on, among other things, the type of services we receive, the involvement of our third-party business partner in the project, the total contracted sales of the project and the equity holding of our third-party business partner in the project company. To ensure the smooth progress of our projects, we may occasionally engage third parties to provide other consulting and management services if and when considered necessary.

FINANCIAL INFORMATION

The recognition of any management and consulting service fee during a specific financial year largely depends on the following:

In respect of the management and consulting services rendered by non-controlling shareholders of our Group

We recognized and paid such service fees in accordance with the terms stipulated in the relevant cooperation agreements. In general, a cooperation agreement of our project company would specify a pre-determined percentage of the contracted sales of the relevant property project as the basis for ascertaining the fees for the management and consulting services rendered by its shareholders (which includes our Group and the non-controlling shareholders of our non-wholly owned subsidiaries), and such percentage would largely depend on, among others, the type of services the relevant project company receives and the involvement of its respective shareholders in the property project. Given its correlation with the level of contracted sales, the management and consulting service fee of a particular property project would only be ascertained and recognized after the commencement of the pre-sale of its properties and when the level of contracted sales has been agreed among the shareholders of that project company.

As the relevant property projects developed by our non-wholly owned subsidiaries (which, pursuant to the terms of the relevant cooperation agreements, project management services are required from our non-controlling shareholders) did not commence pre-sale in 2017 and 2018, no management and consulting services rendered by the non-controlling shareholders of our non-wholly owned subsidiaries was recognized in the said financial years. In contrast, as the property projects developed by our non-wholly owned subsidiaries (which, pursuant to the terms of the relevant cooperation agreements, project management services are required from our non-controlling shareholders) commenced pre-sale in 2019 and the amount of the relevant contracted sales were agreed upon by our Group and the relevant non-controlling shareholders during the said year, accordingly, RMB30.3 million of management and consulting services fee (for services rendered by our non-controlling shareholders) was recognized in our profit or loss for 2019.

In respect of the management and consulting services rendered by third parties independent from our Group

The management of the relevant project company(ies) may from time to time, and depending on any circumstance it considers appropriate, engage third party services providers for their management and consulting services; for instance, a third party business management consultancy firm was engaged for its debt recovery and mortgage collection services for our property project Qiu Shi Chen Yue (秋實宸悅) in 2019. The relevant service fees would be recognized as expenses to the relevant project company upon such service is rendered.

As no such third-party services providers were engaged in 2017 and 2018, no expenses in such connection was recognized in the said financial years. In contrast, as management and consulting services were rendered by such third-party services providers in the second half of 2019, RMB4.8 million of management and consulting services fee (for services rendered by third-party services provider) was recognized in our profit or loss for 2019.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses	13,233	44.3	40,949	45.5	126,520	50.5%
Entertainment and meeting expenses ...	3,092	10.4	7,257	8.0	18,915	7.6%
Management and consulting services fee.....	–	–	–	–	35,098	14.0%
Professional fees	1,412	4.7	4,765	5.3	8,252	3.3%
Depreciation	2,778	9.3	5,285	5.9	11,190	4.5%
Office expenses	2,802	9.4	5,935	6.6	8,512	3.4%
Travelling and transportation expenses..	1,740	5.8	3,893	4.3	7,049	2.8%
Listing expenses	–	–	10,718	11.9	10,103	4.0%
Others	4,811	16.1	11,270	12.5	24,815	9.9%
Total	<u>29,868</u>	<u>100.0</u>	<u>90,072</u>	<u>100.0</u>	<u>250,454</u>	<u>100.0%</u>

Fair Value Gains on Investment Properties

We develop and hold certain properties such as retail shops for rental income or capital appreciation, or both. Our investment properties are appraised by an independent property valuer at each of the relevant reporting date. Any increase or decrease in our investment property value is recognized as fair value gains or losses in our consolidated statements of comprehensive income. The amount of the change in fair value attributable to an investment property depends on the prevailing property market and such increase is a non-cash gain which does not generate any cash inflow as long as we hold the relevant investment property. The fair value gains on investment properties for the three years ended December 31, 2019 were RMB19.5 million, RMB6.7 million and RMB15.6 million, respectively.

Finance Costs, Net

The following table sets forth a breakdown of net finance costs for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income from bank deposits	1,487	2,542	8,607
Finance costs			
Interest expense for			
– Lease liabilities	(123)	(156)	(813)
– Bank and other borrowings	(10,135)	(46,523)	(152,589)
– Amount due to associates and joint ventures	–	(5,194)	(20,121)
– Amounts due to non-controlling interests	–	(36,550)	(230,016)
Add: capitalized interest	4,454	51,249	324,916
	<u>(5,804)</u>	<u>(37,174)</u>	<u>(78,623)</u>
Finance costs, net	<u>(4,317)</u>	<u>(34,632)</u>	<u>(70,016)</u>

FINANCIAL INFORMATION

Our finance costs primarily consist of (i) interest expenses for bank and other borrowings; and (ii) amounts due to non-controlling interests. Interest on borrowings relating to project development is capitalized to the extent such borrowings are used to finance the development. In addition, the non-controlling shareholders of our non-wholly owned subsidiaries may from time to time make cash advance to such subsidiaries, which, subject to the relevant terms, may be interest-bearing. As such, the increase in our jointly developed projects which in turn may lead to an increase in amount due to non-controlling interests and may result in an increase in our finance cost, if such cash advances are interest-bearing. Since the interest expenses are only eligible for capitalization that are directly attributable to the acquisition, construction or production of a qualifying asset, our finance costs 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. The percentage of interest capitalized over total interest expense excluding lease liabilities were 43.9%, 58.1% and 80.7% for the years ended December 31, 2017, 2018 and 2019, respectively.

Share of Results of Joint Ventures and Associates

From time to time, we joint-develop property development projects with third parties who are mostly property developers through jointly investing in project companies established for the purpose of developing particular property development projects. Depending on the level of our control in such project companies, they will either be considered as our subsidiaries, joint ventures, or associates. Our joint ventures are entities over which we have joint control. Our associates are entities which we have significant influence but do not have control or joint control. We generally expect to incur share of losses in our joint ventures and associates until their respective property development project is completed and starts to generate return. Our share of such profits or losses is accounted for as “share of results of joint ventures and associates” on our consolidated statements of comprehensive income. Attributable to the increase in our number of projects developed in the form of joint ventures or associates which were mostly in the developing stage and have not started to generate revenue, for the year ended December 31, 2017, we recorded share of losses of joint ventures and associates of RMB16.8 million. Attributable to a number of projects developed in the form of joint ventures or associates that started to deliver properties and generate revenue in 2018, and offset partially by loss recorded by jointly developed projects that were still in developing stage, for the years ended December 31, 2018 and 2019, we recorded share of profits of joint ventures and associates of RMB80.1 million and RMB359.4 million, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of share of results of joint ventures and associates and investments accounted for using the equity method by projects for the years indicated:

	Share of profit/(loss)			Carrying amount of investment ⁽¹⁾		
	Year ended December 31,			As of December 31,		
	2017	2018	2019	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Joint Venture						
Bin Hai Xuan (濱海軒)	(739)	(814)	46,676	9,251	8,437	55,113
Eastern Mansion (太湖天萃)	(183)	(3,324)	(1,546)	11,817	8,493	6,947
Elegant Mansion (觀棠花園)	-	(1,388)	(368)	9,240	7,852	7,484
Fontainebleau (楓丹壹號) and Taihu Mansion (太湖天地) ⁽²⁾	(1,161)	(1,403)	2,658	49,839	48,436	51,095
Lakeside Mansion (湖悅天境)	-	(1,440)	(328)	20,000	18,560	18,232
Majestic Mansion (御園)	(383)	(811)	(588)	6,283	5,472	4,884
Metropolis (新都會)	-	(856)	13,677	2,500	1,644	15,321
Original River City (江城源著)	(12)	(1,072)	194	8,763	7,691	7,885
Rongjin Mansion (融錦別院)	-	199	7,042	10,000	10,199	17,241
Run Yuan (潤園)	(175)	(2,464)	93,504	14,825	12,360	105,864
Shine Time (璀璨瀾庭)	-	(193)	(2,855)	-	99,807	96,952
Starry Bay (麗景灣)	-	(131)	(1,799)	6,600	6,469	4,670
The Asia Mansion (紫譽華庭)	-	(140)	(6,553)	-	131,860	125,307
Yunyue Heshan (雲樾河山)	-	(1,111)	(1,585)	6,000	4,889	3,304
	<u>(2,653)</u>	<u>(14,948)</u>	<u>148,129</u>	<u>155,118</u>	<u>372,170</u>	<u>520,299</u>
Associate						
Brigitte (碧虞瓏庭)	1	(1,152)	1,090	1	8,849	9,939
Brown Stone Life (褐石源築)	-	(436)	(266)	-	19,564	19,298
Country Garden — Bi Jing Ming Di (碧桂園•碧景名邸)	(981)	(1,766)	19,516	1,767	1	19,517
Country Garden — Fei Cui Hua Fu (碧桂園•翡翠華府)	(584)	2,913	3,961	2,288	5,201	9,162
Country Garden — Feng Huang Tai (碧桂園•鳳凰台)	(3,621)	(379)	50,816	379	-	50,816
Country Garden — Lingyu (碧桂園•領譽)	(2,871)	30,668	8,812	35,302	65,970	74,782
Feng Huang Yuan Zhu (鳳凰源著)	-	(723)	(2,430)	-	3,279	849
Imperial Garden (頤和樾園)	1	73	(3,394)	1	6,071	2,677
Jun Yue Fu (珺悅府)	-	28,941	29,507	-	28,942	58,448
Leiden Town (萊頓小鎮)	-	(1,807)	(3,106)	-	8,195	5,089
Long Ting Hua Fu (瓏庭華府)	(4,284)	(557)	61,133	1,716	1,159	62,292
Peony Sanjiang Park (牡丹三江公園)	-	(1,607)	(7,292)	-	140,493	133,201
Romantic Bay (漫悅灣)	(1,758)	40,873	54,462	13,239	54,112	108,574
Tianning Rong Yue Fu (融悅府)	-	-	(1,511)	-	-	28,489
	<u>(14,097)</u>	<u>95,041</u>	<u>211,298</u>	<u>54,693</u>	<u>341,835</u>	<u>583,133</u>
Total	<u>(16,750)</u>	<u>80,093</u>	<u>359,427</u>	<u>209,811</u>	<u>714,005</u>	<u>1,103,432</u>

Notes:

(1) Under the equity method of accounting, our Group initially recognized investment in joint ventures and associated companies at cost and adjusted thereafter to recognize our share of the post-acquisition profits or losses of associated companies and joint ventures. When our share of losses in an equity-accounted investment equals or exceeds our interest in the entity, we will not recognize further losses, unless we have incurred obligations or made payments on behalf of the other entity. For further details, please refer to Note 2.2 of the Accountant's Report in Appendix I to this prospectus.

(2) Fontainebleau (楓丹壹號) and Taihu Mansion (太湖天地) are developed under the same joint venture, and accounted for as an investment in the same joint venture.

FINANCIAL INFORMATION

Income Tax Expenses

Our income tax expenses include corporate income tax, LAT and deferred income tax.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Current income tax			
– PRC corporate income tax	26,026	86,712	207,356
– LAT	11,090	33,147	184,394
	37,116	119,859	391,750
Deferred income tax	2,736	29,134	(97,926)
Income tax expenses	39,852	148,993	293,824

Corporate income tax

Pursuant to the EIT Law, a 25% corporate income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Our PRC subsidiaries are subject to 25% corporate income tax rate.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and is exempted from Cayman Islands income tax. Our BVI subsidiary was incorporated under the BVI Business Companies Act and is exempted from BVI income tax. Our Hong Kong subsidiary is subject to Hong Kong profits tax which is calculated at 16.5% of the assessable profit. Our subsidiaries incorporated in Hong Kong and BVI were exempted from income tax or had no assessable profit during the Track Record Period.

We calculate effective corporate income tax as the quotient of (i) sum of PRC corporate income tax and deferred income tax, divided by (ii) the result of profit before income tax less share of results of joint ventures and associates. For the three years ended December 31, 2019, our effective corporate income tax rate was 32.2%, 28.9% and 27.1%, respectively.

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, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

We made provisions for LAT by reference to our sales of properties and the abovementioned progressive rate during the Track Record Period.

FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 19.2% from RMB1,659.6 million for the year ended December 31, 2018 to RMB1,978.0 million for the year ended December 31, 2019, mainly due to the increase in the total GFA delivered by 10.1% from 227,582.28 sq.m. in 2018 to 250,586.32 sq.m. in 2019, which was primarily attributable to the delivery of our properties of over 219,000 sq.m. in three development projects, namely Jing Shan Xiu Shui (景山秀水), Hua Qiao Xin Cheng (華僑新城) and phase II of Xiang Yu Hua Ting (香語華庭二期), coupled with the increase in ASP from RMB7,292 per sq.m. in 2018 to RMB7,894 per sq.m. in 2019, which was mainly attributable to our delivery of properties of phase II of Xiang Yu Hua Ting and Jing Shan Xiu Shui in 2019 with higher ASP than most of the properties we sold in other projects in 2018.

Cost of Sales

Our cost of sales slightly decreased by 1.3% from RMB1,148.9 million for the year ended December 31, 2018 to RMB1,133.5 million for the year ended December 31, 2019, which was mainly attributable to the decrease in construction costs by RMB102.8 million in 2019 as compared to that of 2018 and partially offset by the increase in land costs by RMB77.4 million in the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 65.4% from RMB510.7 million for the year ended December 31, 2018 to RMB844.5 million for the year ended December 31, 2019. Our gross profit margin also increased from 30.8% for the year ended December 31, 2018 to 42.7% for the year ended December 31, 2019. Please refer to “Description of certain major components of our consolidated statements of comprehensive income — Gross profit and gross profit margin” above for further details.

Other Income

Our other income increased by 11.7% from RMB69.2 million for the year ended December 31, 2018 to RMB77.2 million for the year ended December 31, 2019, primarily due to an increase in our management and consulting service income from our joint ventures and associates by RMB32.0 million as a result of the increase in number of property development projects developed in the form of joint venture and associates we collaborated in 2019, which required our management and consulting services during the year, and partially offset by the decrease in interest income from associates, joint ventures and business partners of certain jointly developed projects during the year.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly by 248.5% from RMB61.0 million for the year ended December 31, 2018 to RMB212.4 million for the year ended December 31, 2019, primarily due to the increase in advertising and promotion expenses as a result of the increase in number of new property projects we promoted for pre-sale of properties during the year, and the increase in employee benefit expenses of our selling and marketing staff due to the increase in the headcount of our selling and marketing staff to cope with the increase in number of projects during 2019.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses significantly increased by 178.1% from RMB90.1 million for the year ended December 31, 2018 to RMB250.5 million for the year ended December 31, 2019, primarily due to (i) the increase in employee benefit expenses as a result of a salary adjustment and the increase in headcount of administrative staff due to an increase in the number of our projects; (ii) we incurred RMB35.1 million management and consulting services fee for management services to our jointly developed projects with respect to, among others, strategic development and project management rendered by our non-controlling shareholders of our non-wholly owned subsidiaries and third parties; and (iii) increase in professional fees, entertainment and meeting expense as a result of our business expansion and increase in number of property projects.

Finance Income

Our finance income increased by 238.6% from RMB2.5 million for the year ended December 31, 2018 to RMB8.6 million for the year ended December 31, 2019, primarily reflected the increase in interest income from our bank deposits as a result of the increase in our average bank deposits.

Finance Costs

Our finance costs increased by 111.5% from RMB37.2 million for the year ended December 31, 2018 to RMB78.6 million for the year ended December 31, 2019, primarily due to the increase in interest expenses on (i) amounts due to non-controlling interests by RMB193.5 million attributable to the increase in cash advances from such non-controlling interests to finance the property development projects we collaborated and (ii) bank and other borrowings by RMB106.1 million to finance our new property development projects in 2019. Among our interest expenses incurred, RMB51.2 million and RMB324.9 million was capitalized for the year ended December 31, 2018 and 2019, respectively.

Share of results of joint ventures and associates

We recorded a significant increase in our share of profits of our joint ventures and associates from RMB80.1 million for the year ended December 31, 2018 to RMB359.4 million for the year ended December 31, 2019, mainly attributable to the completion of construction and delivery of properties in a number of our jointly developed projects.

Profit before Income Tax

As a result of the foregoing, our profit before tax increased by 58.8% from RMB481.0 million for the year ended December 31, 2018 to RMB763.9 million for the year ended December 31, 2019.

Income Tax Expense

Our income tax expenses increased by 97.2% from RMB149.0 million for the year ended December 31, 2018 to RMB293.8 million for the year ended December 31, 2019, primarily due to increase in profit before income tax coupled with the increase in LAT in the period. Our effective corporate income tax rate remained stable at 28.9% and 27.1% for 2018 and 2019 respectively.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income increased by 41.6% from RMB332.0 million for the year ended December 31, 2018 to RMB470.1 million for the year ended December 31, 2019.

FINANCIAL INFORMATION

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Our revenue increased by 282.5% from RMB433.9 million in 2017 to RMB1,659.6 million in 2018, primarily due to an increase in the total GFA delivered coupled with an increase in our ASP for our property development projects. The total GFA delivered increased by 193.8% from 77,452.74 sq.m. in 2017 to 227,582.28 sq.m. in 2018, which was mainly attributable to the delivery of certain of our residential properties of phase II of The Hong Kong Masterpiece (新港城), phase II of Hong Kong City (香江華庭), phase I of Xiang Yu Hua Ting (香語華庭) and Hua Qiao Xin Cheng (華僑新城). Our ASP also increased from RMB5,603 per sq.m. in 2017 to RMB7,292 per sq.m. in 2018, which was generally in line with the overall increase in the market price of residential properties in Changshu and Yancheng.

Cost of Sales

Our cost of sales increased by 239.0% from RMB338.9 million in 2017 to RMB1,148.9 million in 2018, which is attributable to the increase in construction costs by RMB654.4 million and increase in land costs by RMB155.8 million in relation to the projects delivered in 2018 as compared to that of 2017.

Gross Profit and Gross Profit Margin

Our gross profit increased by 437.5% from RMB95.0 million in 2017 to RMB510.7 million in 2018. Our gross profit margin also increased from 21.9% in 2017 to 30.8% in 2018. Please refer to “Description of certain major components of our consolidated statements of comprehensive income — Gross profit and gross profit margin” above for further details.

Other Income

Our other income increased significantly by 152.8% from RMB27.4 million in 2017 to RMB69.2 million in 2018, primarily due to (i) the recognition of management and consulting services income of RMB15.0 million in relation to the property development projects we developed through certain of our joint ventures and associates in 2018; and (ii) the increase in interest income from associates, joint ventures and other third parties by RMB25.0 million mainly attributable to the increase in interest income by RMB16.0 million from a deemed advance to an Independent Third Party which commenced in July 2017 and record full year of interest income in 2018. For further details of such deemed advance, please refer to “Business — Our business model and cooperation with third-party business partners — Termination of cooperation with certain third-party business partners”.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 234.0% from RMB18.3 million in 2017 to RMB61.0 million in 2018, primarily due to the increase of employee benefit expenses of our selling and marketing staff as a result of the increase of our selling and marketing staff in 2018 and the increase in advertising and promotion expense for the ongoing sales of several new property projects or project phase in 2018.

General and Administrative Expenses

Our general and administrative expenses increased by 201.6% from RMB29.9 million in 2017 to RMB90.1 million in 2018, primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of the increase in headcount of administrative staff to cope with the expansion of our operations; and (ii) the listing expenses of RMB10.7 million recognized in 2018.

Finance Income

Our finance income increased by 70.9% from RMB1.5 million in 2017 to RMB2.5 million in 2018, primarily due to the increase in interest income from our bank deposits as a result of the increase in our average bank deposits.

FINANCIAL INFORMATION

Finance Costs

Our finance costs increased by 540.5% from RMB5.8 million in 2017 to RMB37.2 million in 2018, primarily due to the increase in interest expense on (i) bank and other borrowings and (ii) amounts due to non-controlling interests. Among such, interests of RMB4.5 million and RMB51.2 million was capitalized in 2017 and 2018, respectively.

Share of results of joint ventures and associates

We recorded share of losses of our joint ventures and associates which amounted to RMB16.8 million in 2017 while we recorded share of profits of RMB80.1 million in 2018, primarily because our jointly developed projects had not completed for delivery during 2017, while certain of our jointly developed projects were delivered in 2018.

Profit before Income Tax

As a result of the foregoing, our profit before tax increased substantially by 561.7% from RMB72.7 million in 2017 to RMB481.0 million in 2018.

Income Tax Expense

Our income tax expenses significantly increased by 273.9% from RMB39.9 million in 2017 to RMB149.0 million in 2018, which is in line with the substantial increase in our revenue in 2018. Our effective corporate income tax rate decreased from 32.2% for the year ended December 31, 2017 to 28.9% for the year ended December 31, 2018 was mainly due to the effect of withholding tax on undistributed profits for the year ended December 31, 2017.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income significantly increased by 911.1% from RMB32.8 million in 2017 to RMB332.0 million in 2018.

CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Investment Properties

We retain a small portion of the properties that we developed mainly for rental purposes and capital appreciation of property value. Our investment properties as of December 31, 2017, 2018 and 2019 amounted to RMB148.5 million, RMB155.2 million and RMB170.8 million, respectively. The fair value of our investment properties as of each reporting date was valued by an independent professional valuer and has demonstrated a continuous increasing trend during the Track Record Period.

Investments Accounted for Using the Equity Method

From time to time, we joint-develop property development projects by establishing or investing in joint ventures and associates with third-party business partners. Such joint ventures or associates are project companies established for the purpose of the development of particular property development projects which we have joint control with such relevant third parties, or significant influence over such associates, as the case may be. As of December 31, 2017, 2018 and 2019, we had established 23, 27 and 28 joint ventures and associates with third-party property developers to operate 24, 28 and 29 projects respectively, and attributable to the increase in our number of projects developed in the form of joint ventures or associates under cooperation arrangement with third-party business partners, our investments accounted for using the equity method increased and amounted to RMB209.8 million, RMB714.0 million, and RMB1,103.4 million, respectively. We generally expect to incur share of loss in such joint ventures and associates until their respective development of property development projects completes and starts to contribute revenue.

FINANCIAL INFORMATION

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 and capitalized interests directly attributable to such properties incurred during the development period) and net realizable value. Upon completion, the properties are transferred to completed properties held for sale. Our properties under development increased from RMB2,170.7 million as of December 31, 2017 to RMB5,433.6 million as of December 31, 2018, and further increased to RMB16,052.5 million as of December 31, 2019. Such increase was primarily due to the continuous expansion of our property development activities over the Track Record Period.

As of April 30, 2020, RMB259.2 million, representing 1.6% of properties under development as of December 31, 2019 were subsequently transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale represent completed properties that remained unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of completed properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions. As of December 31, 2017 and 2018, and 2019, we had completed properties held for sale of RMB63.7 million, RMB40.7 million, and RMB732.9 million, respectively.

As of April 30, 2020, RMB570.4 million, representing 77.8% of completed properties held for sale as of December 31, 2019, were subsequently sold.

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments mainly include the deposits and prepayments for acquisition of land use rights, deposits and prepayments for property development projects, cash advances to third-parties PRC property developers for funding of our joint development projects, prepaid taxes and trade receivables from third parties.

We set out below the breakdown of our trade and other receivables and prepayments as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade receivables from third parties.....	128	528	25,970
Other receivables.....	1,050,039	733,742	376,414
Prepayments.....	303,570	362,346	850,558
Trade and other receivables and prepayments.....	1,353,737	1,096,616	1,252,942

Trade Receivables

Our trade receivables consist of proceeds in respect of our sales of properties due from third-party purchasers. We generally offer no credit period to purchasers of our properties and consideration from sales of properties were received in advance, hence our trade receivables only accounted for an insignificant proportion to our revenue of the respective reporting period. As of December 31, 2017, 2018 and 2019, trade receivables of RMB0.1 million, RMB0.5 million and RMB26.0 million were overdue but not impaired. We have assessed the expected credit losses of these past due trade receivables by considering historical loss experiences, existing market conditions and forward-looking information, and considered the expected credit loss rate of these trade receivables to be insignificant. As of April 30, 2020, RMB23.3 million, representing 89.6% of our trade receivables as of December 31, 2019, was subsequently settled.

FINANCIAL INFORMATION

Other receivables

The following table sets forth the breakdown of our other receivables as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Amount due from the other partners of joint ventures	601,507	6,600	–
Deposits for property development projects	118,797	456,089	303,990
Receivables from banks and bank card services			
providers	4,441	2,026	41,341
Cash advances to third parties	304,550	214,545	9,500
Interest receivables	12,646	31,213	–
Others	8,098	23,269	21,583
	<u>1,050,039</u>	<u>733,742</u>	<u>376,414</u>

Amount due from the other partners of joint ventures represents the amount we advanced to our joint ventures on behalf of the partners of our joint ventures. From time to time, we jointly develop property projects with third party business partners through the establishment of joint ventures, and we and our business partners are both required to make advancement to the relevant joint ventures to acquire land use rights and support their respective operations and financial needs. In order to maintain good business relationship, and as agreed with our joint venture partners, we may occasionally pay on behalf of our business partners for their share of advancement to the joint ventures in the initial stage of construction. Such advancements are interest free, unsecured and repayable on demand. Similarly, our joint venture partners may occasionally pay on behalf of us for our share of advancement to the joint ventures while such advancements are interest free, unsecured and repayable on demand. See “Trade payables, bills payables and other payables — Other payables” below for further details.

Our Directors confirmed that, save as the cooperation relationship in the jointly developed projects, there is no other past or present relationship (including business, employment, family and funding) between each of our joint venture partners and our Group and our shareholders, directors, senior management, or any of their respective associates.

Deposits for property development projects mainly comprised (i) pre-sale proceeds deposits, (ii) project guarantee deposits and (iii) guarantee deposit for customer’s housing provident fund loans. Pre-sale proceeds deposits represent pre-sale proceeds that we, pursuant to local regulatory requirements, deposited in escrow accounts of third-party agencies designated by relevant regulatory departments. Same as other pre-sale proceeds deposited in bank escrow accounts, such pre-sale proceeds deposits are subject to the same regulatory requirements and internal control measures. Project guarantee deposits mainly comprised project performance guarantee, construction project guarantee and project completion guarantee made to various regulatory departments or agencies for securing the performance or completion of development projects. Guarantee deposit for customer’s housing provident fund loans represents guarantee deposits we placed, pursuant to local regulatory requirements, for securing the obligation of repayment of customers that apply for housing provident fund loans when purchasing properties developed by us, which is refundable upon earlier of (i) issuance of the real estate ownership certificate; or (ii) the full settlement of housing provident fund loans by purchasers of properties.

The following table sets forth the breakdown of our deposits for property development projects as of the dates indicated.

FINANCIAL INFORMATION

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Pre-sale proceeds deposits	78,636	411,949	232,176
Project guarantee deposits	2,000	33,420	47,348
Guarantee deposit for customer's housing provident fund loans	24,995	7,447	10,526
Others	13,166	3,273	13,940
	118,797	456,089	303,990

Receivables from banks and bank card services providers represent receivables in respect of the transaction payments made by our customers using the relevant bank cards issued by commercial banks and bank card services providers which were, as of the respective dates, still being processed. The receivables from banks and bank card services providers increased by 1,940.5% from RMB2.0 million in 2018 to RMB41.3 million in 2019, primarily due to the payment made by our customers with debit card/credit card near the end-of-year were still being/yet to be processed and had yet to be transferred to our Group before December 31, 2019.

Cash advances to third parties primarily included cash advances to a third-party in relation to a project company in Taizhou City, Jiangsu Province, which accounted for 99.7% and 99.3% of our total cash advances to third parties as of December 31, 2017 and 2018 respectively. Such cash advances had been fully repaid as of December 31, 2019. Please refer to “Business — Our business model and cooperation with third-party business partners — Termination of cooperation with certain third-party business partners” in this prospectus for further details.

All cash advances with third parties are unsecured and repayable on demand, and save as the cash advances made by us to the said third-party in relation to a project company in Taizhou City, Jiangsu Province, all cash advances with third parties are interest free.

Prepayments

The following table sets forth the breakdown of our prepayments as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Prepayments for property development projects	45,378	53,920	60,139
Prepayments for acquisition of land use rights	153,500	130,000	571,824
Prepaid value added tax, business taxes and other taxes	91,213	157,272	186,992
Contract acquisition costs	10,027	9,444	16,606
Prepaid listing expenses	–	3,497	6,695
Others	3,452	8,213	8,302
	303,570	362,346	850,558

Our prepayments for property development projects mainly included the prepayments made to our suppliers or contractors in relation to the procurements or construction works of our property development projects.

Prepayment for acquisition of land use rights represents prepayment we made upon entering into the land grant contracts by our Group before we obtain the relevant land use right certificate.

FINANCIAL INFORMATION

Increase in our prepayments during the Track Record Period mainly reflected the increase in prepayments for acquisition of land use rights, and prepaid value added tax, business taxes and other taxes, which were generally in line with our business expansion and increase in number of property development projects.

Amounts due from non-controlling interests

Our amounts due from non-controlling interests were mainly cash advances to non-controlling interests of our non-wholly owned subsidiaries from time to time in relation to our jointly developed property projects. Our amounts due from non-controlling interests increased from RMB6.6 million as of December 31, 2017 to RMB102.0 million as of December 31, 2018 and further to RMB198.4 million as of December 31, 2019, primarily due to the increase in the number of our jointly developed projects which were developed by our non-wholly owned subsidiaries.

Trade Payables, Bills Payables and Other Payables

Our trade payable, bills payable and other payables primarily include trade payables, amounts due to other partners of associates and joint ventures, amount due to third parties and other taxes payable. As of December 31, 2017, 2018 and 2019, our trade payables, bill payables and other payables amounted to RMB1,138.4 million, RMB1,523.3 million and RMB2,463.1 million, respectively.

The following table sets forth the breakdown of our trade payables, bill payables and other payables as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade and bills payables			
Trade payables	944,063	1,105,141	1,978,499
Bills payables	—	—	77,527
	944,063	1,105,141	2,056,026
Other payables			
Other taxes payable	85,745	118,737	77,610
Payroll payable	6,228	23,023	63,373
Amounts due to third parties	80,000	228,507	139,812
Deposits received from potential property purchasers ...	233	7,945	55,237
Deposits from contractors and suppliers	10,901	16,596	52,428
Listing expenses	—	6,288	4,869
Interest payable	—	921	5,114
Others	11,253	16,147	8,616
	194,360	418,164	407,059
Trade payables, bills payables and other payables	1,138,423	1,523,305	2,463,085

Trade Payables

Trade payables mainly include payables to suppliers and construction contractors. Our trade payables increased from RMB944.1 million as of December 31, 2017 to RMB1,105.1 million as of December 31, 2018, and further increased to RMB1,978.5 million as of December 31, 2019, which was mainly due to the expansion of our property development activities.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0 – 30 days	855,841	997,146	1,780,785
31 – 60 days	36,636	39,624	61,506
61 – 90 days	2,596	1,192	11,690
Over 91 days	48,990	67,179	124,518
	<u>944,063</u>	<u>1,105,141</u>	<u>1,978,499</u>

As of February 29, 2020, RMB914.4 million, representing 46.2% of trade payables as of December 31, 2019, were settled.

Other Payables

Other payables mainly include other taxes payable, payroll payable, amounts due to third parties, deposits received from potential property purchasers and deposits from contractor and suppliers.

Amounts due to third parties mainly comprised (i) amount payable to the then shareholder of Shanghai Chongming of RMB148.5 million which represent a liability taken up upon acquisition of Shanghai Chongming in September 2018. See details of such acquisition in Note 33(b) to the Accountant's Report as set out in Appendix I to this prospectus; and (ii) cash advance of RMB80.0 million in 2017 from an Independent Third Party who was a potential business partner (the "**Potential Partner**") in respect of a then co-development plan in property projects, pursuant to a cooperation memorandum of understanding entered into with such Potential Partner in January 2017, which did not materialize eventually. The Potential Partner was a sole proprietorship established in the PRC by a businessman who also engaged and invested in real estate development in the PRC. Such businessman was acquainted with Mr. Lui Wing Wai, our executive Director, as personal friends in around 2008. In early 2017, such businessman indicated his interest to our Group for potential cooperation in developing property projects in Yangtze River Delta Region in view of our established track record in such area. Pursuant to the aforesaid memorandum of understanding, our Group would identify potential land for development through bidding or acquisition. Our Group was intended to be majority shareholder of project company and definitive cooperation agreement would be made upon obtaining any suitable land and definitive terms in respect of development of such particular land and the related cooperation having been reached among parties. The cash advance of RMB80.0 million was made by the Potential Partner as earnest money for the potential cooperation with our Group which could apply the same as part of the deposit payable to relevant land bureau during the bidding process participated by our Group for potential land. Two parcels of land respectively situated in Zhangjiagang and Dongyang, Jiangsu which were made available for bidding on primary market, were identified for potential development through the proposed cooperation. However, the biddings were not successful. Our Group and the Potential Partner had then made endeavor to identify other potential lands and negotiated on the price we would be willing to pay for obtaining of land and the related development costs and on other cooperation arrangement. No consensus was reached during the commercial negotiations, and our Group and the Potential Partner decided to cease the cooperation plan. Such cash advance was therefore returned in full by our Group to the Potential Partner pursuant to a termination agreement in August 2019. To the best knowledge and belief of our Directors, save as the disclosed above, there is no past or present relationship (business, employment, family, financing or otherwise) between the Potential Partner and the said businessman, our Group, our shareholders, directors, senior management or any of their respective associates. Our amounts due to third parties increased from RMB80.0 million as of December 31, 2017 to RMB228.5 million as of December, 2018 was due to the aforesaid amount payable to the then shareholder of Shanghai Chongming upon our acquisition of Shanghai Chongming in September 2018. Our amounts due to third parties then decreased to RMB139.8 million as of December, 2019 mainly attributable to our full repayment of cash advance of RMB80.0 million to the Potential Partner during 2019.

FINANCIAL INFORMATION

Deposits received from potential property purchasers represented the earnest money paid by our potential property purchasers, which may be refundable or be re-categorized as contract liabilities when a pre-sale contract or sales contract is subsequently entered into. As of December 31, 2017 and 2018 and 2019, our deposits received from potential property purchasers amounted to RMB0.2 million, RMB7.9 million and RMB55.2 million, respectively.

Deposits from contractors and suppliers comprised of quality warranty deposit we retained from our construction contractors.

Contract Liabilities

Contract liabilities mainly represent the sales proceeds received from customers in connection with our pre-sales of properties. We commence sales of our properties and the collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as contract liabilities before the relevant sales are recognized as revenue. As of December 31, 2017, 2018 and 2019, our contract liabilities amounted to RMB2,526.6 million, RMB3,653.8 million, and RMB8,416.2 million, respectively, which was in line with our increase in pre-sales of our properties during the Track Record Period.

The following table sets forth a breakdown of our contract liabilities, based on the date of receipts, as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within one year	1,723,227	2,902,194	6,516,798
One to two years	789,121	751,193	1,495,614
Two to three years	14,145	268	403,315
Over three years	149	128	445
	2,526,642	3,653,783	8,416,172

Our contract liabilities as of December 31, 2019 is expected to be recognized as revenue upon the delivery of relevant properties amounting to RMB3,678.1 million and RMB4,738.1 million for the year ending December 31, 2020 and thereafter, respectively. As of the Latest Practicable Date, RMB1,627.1 million of our contract liabilities as of December 31, 2019 have been subsequently recognized as revenue.

Balances With Shareholders, Related Parties, Associates And Joint Ventures

During the Track Record Period, we had outstanding balances with our Controlling Shareholders, related parties, associates and joint ventures as set out in Note 30(c) to the Accountant's Report included in Appendix I to this prospectus.

Amounts due from/to Controlling Shareholders

During the Track Record Period, our amounts due from/to Controlling Shareholders mainly comprised (i) non-trade cash advances to/from the Controlling Shareholders as short-term loan/to meet our short-term working capital requirements such as making security deposit in auction of land parcels, which is unsecured, interests free and repayable on demand; and (ii) payable in connection with our related party transaction with one of our Controlling Shareholders. As of December 31, 2017, 2018 and 2019, we had amounts due from Controlling Shareholders of RMB3,000, RMB500,000 and nil, respectively and we had amounts due to Controlling Shareholders of RMB65.2 million, RMB10.0 million and RMB23.5 million, respectively. Our amounts due to Controlling Shareholders decreased from RMB65.2 million as of December 31, 2017 to RMB10.0 million as of December 31, 2018 mainly reflected our repayment of the cash advance from our Controlling Shareholders. Our amounts due to

FINANCIAL INFORMATION

Controlling Shareholders then increased to RMB23.5 million as of December 31, 2019, primarily reflected payment made by our Controlling Shareholders on behalf of our Group for settling certain operating expense and listing expense in Hong Kong. Our amounts due to Controlling Shareholders as of December 31, 2019 will be fully settled prior to the Listing.

Amounts due to related parties

During the Track Record Period, our amounts due to related parties, which are unsecured, interest free and repayable on demand, mainly comprised short-term non-trade cash advances from our related parties and payables of our transactions with related parties. As of December 31, 2017, 2018 and 2019, we had amounts due to related parties of RMB21.8 million, RMB11.1 million and nil, respectively. Our amounts due to related parties decreased from RMB21.8 million as of December 31, 2017 to RMB11.1 million as of December 31, 2018, and further to nil as of December 31, 2019, mainly reflected our repayments of advances from certain related parties in the period.

Amounts due from/to joint ventures and associates

During the Track Record Period, our amounts due from/to joint ventures and associates were mainly non-trade cash advances to/from our joint ventures and associates in relation to their business operations and development of the projects. These amounts mainly include our investment into/advance from the jointly developed projects and were invested/received in proportion to our respective interest in our joint ventures and associates. Such outstanding non-trade advances may or may not be interest-bearing, but are typically unsecured and repayable on demand from/to our joint ventures and associates. As such balances are regarded as the working capital for financing needs of the jointly developed projects, subject to the relevant terms with the joint ventures and associates, such outstanding amounts may be settled from time to time, depending on the progress and the business operating cycle of the jointly developed projects, and would typically be fully settled after the final settlement of the same projects. As of December 31, 2017, 2018 and 2019, our amounts due from joint ventures amounted to RMB759.8 million, RMB569.7 million and RMB350.3 million, respectively; our amounts due to joint ventures amounted to RMB212.5 million, RMB509.2 million and RMB869.9 million, respectively; our amounts due from associates amounted to RMB268.6 million, RMB319.6 million and RMB124.7 million, respectively; and our amounts due to associates amounted to RMB592.4 million, RMB822.2 million and RMB1,497.7 million, respectively. Our amounts due to joint ventures and associates increased from RMB804.9 million as of December 31, 2017 to RMB1,331.4 million as of December 31, 2018, and further increased to RMB2,367.6 million as of December 31, 2019, mainly due to (i) the increases in number of our jointly developed projects in forms of joint ventures and associates during the Track Record Period and (ii) the cash control management to avoid allocating more-than-sufficient financial resources at the project company level.

Amounts due to non-controlling interests

Amounts due to non-controlling interests represented advances to our relevant subsidiaries from the non-controlling shareholders of our non-wholly owned subsidiaries. We, as well as our third party business partners, being shareholders of our non-wholly owned subsidiaries, are required to inject working capital and make cash advances to such subsidiaries from time to time, in particular, during the early stages of development, so as to support their project development and business operation. Subject to the terms of our non-wholly owned subsidiaries have with the relevant non-controlling shareholders, such advances may be interest-bearing, but are typically unsecured and repayable on demand. As such, the increase in our jointly developed projects may in turn lead to an increase in amount due to non-controlling interests and may result in an increase in our finance cost, if the cash advances from the relevant non-controlling interests are interest-bearing. As such advances are regarded as the working capital for financing needs of the jointly developed projects, such outstanding amounts may be settled from time to time, depending on the progress and the business operating cycle of the jointly developed projects, and would typically be fully settled after final settlement of the jointly developed projects. Our amounts due to non-controlling interests was nil, RMB1,221.7 million and RMB4,682.6 million as of

FINANCIAL INFORMATION

December 31, 2017, 2018 and 2019, respectively. The significant increase in our amounts due to non-controlling interests for 2018 and 2019 was primarily attributable to the addition of seven and 13 jointly developed projects which were developed by our non-wholly owned subsidiaries in 2018 and 2019, respectively, and such new projects were in their early stages of development, and the operation of which were mainly financed by the shareholders of the respective project companies which included our Group and the non-controlling shareholders. As of April 30, 2020, RMB2,392.1 million of our amounts due to non-controlling interests as of December 31, 2019 had been subsequently settled. For further details, please refer to Note 31 to the Accountant's Report in Appendix I to this prospectus.

ACCUMULATED LOSSES AT THE BEGINNING OF THE TRACK RECORD PERIOD

Accumulated losses attributable to owners of our Company amounted to RMB35.0 million as of January 1, 2017 (i.e. at the beginning of the Track Record Period), which was mainly attributable to (i) accumulated losses of The Hong Kong Masterpiece (新港城) of RMB47.0 million as of January 1, 2017 mainly attributable to decrease in market prices of residential properties in Changzhou during our pre-sale in 2013 and 2014 that resulted in our loss from delivery of certain properties in phase I of such development project in 2015 and 2016; (ii) accumulated losses of Ganglong Bauhinia Residence (港龍紫荆城) of RMB6.2 million as of January 1, 2017, which was mainly due to relatively lower ASP of the properties delivered, and additional selling and marketing expenses incurred for pre-sale and promotion of such project, that located in the Wujin district of Changzhou, where the vicinity and surrounding facilities were still under development, such that our revenue did not fully cover our costs and expenses incurred in such development project; (iii) accumulated losses of Xiang Yu Hua Ting (香語華庭) and Jing Shan Xiu Shui (景山秀水) of RMB6.9 million as of January 1, 2017, as we only started to recognize revenue from delivery of properties of such projects in 2018 and 2019 respectively. The impact of accumulated losses from such projects were partially offset by our accumulated profits from other property development projects as of January 1, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We operate in a capital-intensive industry and have financed our working capital, capital expenditure and other capital requirements primarily through (i) cash generated from operations including proceeds from the pre-sale and sales of our properties and (ii) bank loans, trust financing, advances from Controlling Shareholders and non-controlling interests and other financings.

FINANCIAL INFORMATION

Net Current Assets

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2017	2018	2019	April 30,
	RMB'000	RMB'000	RMB'000	2020
				RMB'000 (Unaudited)
Current assets				
Properties under development	2,170,671	5,433,641	16,052,548	19,602,443
Completed properties held for sale	63,722	40,725	732,904	236,924
Trade and other receivables and prepayments	1,353,737	1,096,616	1,252,942	1,983,459
Amounts due from associates	268,550	319,636	124,709	124,709
Amounts due from joint ventures	759,806	569,664	350,268	34,918
Amount due from a controlling shareholder	3	500	-	-
Amounts due from non-controlling interests	6,600	102,043	198,443	499,640
Tax recoverable	54,730	126,028	206,629	286,944
Restricted cash	30,264	219,233	1,414,744	1,609,019
Pledged time deposits	-	-	45,920	80,700
Cash and cash equivalents	166,204	622,753	1,052,217	2,309,356
Total Current Assets	<u>4,874,287</u>	<u>8,530,839</u>	<u>21,431,324</u>	<u>26,768,112</u>
Current liabilities				
Trade payables, bills payables and other payables ..	1,138,423	1,523,305	2,463,085	3,749,012
Lease liabilities	672	5,313	8,188	7,932
Contract liabilities	2,526,642	3,653,783	8,416,172	10,959,130
Amounts due to associates	592,355	822,213	1,497,735	1,425,334
Amounts due to joint ventures	212,536	509,177	869,944	958,589
Amounts due to Controlling Shareholders	65,150	9,981	23,539	27,830
Amounts due to related parties	21,824	11,119	-	-
Amounts due to non-controlling interests	-	1,221,665	4,682,599	3,004,738
Tax payable	30,411	62,635	326,356	142,097
Borrowings	182,223	304,300	1,144,200	1,413,317
Total Current Liabilities	<u>4,770,236</u>	<u>8,123,491</u>	<u>19,431,818</u>	<u>21,687,979</u>
Net Current Assets	<u>104,051</u>	<u>407,348</u>	<u>1,999,506</u>	<u>5,080,133</u>

Our net current assets increased from RMB104.1 million as of December 31, 2017 to RMB407.3 million as of December 31, 2018, and further increased to RMB1,999.5 million as of December 31, 2019, primarily due to the increase in our properties under development, and partially offset by the increases in amount due to non-controlling interest and contracted liabilities attributable to the expansion of our property development activities. As of April 30, 2020, our net current assets increased to RMB5,080.1 million, primarily due to the increase in the non-current bank and other borrowings of RMB2,648.2 million we obtained during the four months ended April 30, 2020 which were mainly used for our property development activities as reflected in the increase in our properties under development during the same period.

Cash Flows Analysis

The following table sets forth a summary of our consolidated statements of cash flows for the years indicated.

FINANCIAL INFORMATION

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Selected cash flow statement data			
Operating profit before working capital change.....	51,407	383,121	447,572
Change in working capital	66,796	(850,515)	(6,994,995)
Income tax paid	(42,319)	(158,933)	(208,608)
Net cash generated from/(used in) operating activities ..	75,884	(626,327)	(6,756,031)
Net cash (used in)/generated from investing activities ...	(1,308,683)	(524,822)	491,445
Net cash generated from financing activities ^(Note)	1,055,508	1,607,698	6,694,050
Net (decrease)/increase in cash and cash equivalents	(177,291)	456,549	429,464
Cash and cash equivalents at the beginning of years	343,495	166,204	622,753
Cash and cash equivalents at the end of years	<u>166,204</u>	<u>622,753</u>	<u>1,052,217</u>

Note: It included the amount of interest paid of RMB11.7 million, RMB42.2 million and RMB185.8 million for the three years ended December 31, 2019, respectively.

Net Cash Generated from/(Used in) Operating Activities

Our primary source of cash generated from operating activities is the proceeds we receive from the sales of our properties, including pre-sales of properties under development and completed properties. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including acquisitions of land use rights and construction work.

Our net cash flow generated from/(used in) operating activities is derived from our profit before income tax for the respective reporting period, as adjusted for (i) income statement items irrelevant to operating activities, such as finance income and costs, fair value gains on investment properties, and share of results of joint ventures and associates, and (ii) the effects of changes in working capital, such as increases or decreases in properties under development and completed properties held for sale, trade and other receivables and prepayments, contract liabilities and trade payables, bill payables and other payables etc.

For the year ended December 31, 2019, our net cash used in operating activities was RMB6,756.0 million, which was the result of cash used in operations of RMB6,547.4 million and income tax paid of RMB208.6 million. Net cash used in operations in 2019 was primarily attributable to the profit before income tax of RMB763.9 million, adjusted mainly by the following items: (i) increase in properties under development and completed properties held for sale of RMB11,203.1 million primarily due to an increase in property development activities; (ii) increase in restricted cash of RMB1,195.5 million; (iii) increase in trade and other receivables and prepayments of RMB341.3 million, and partially offset by (iv) increase in contract liabilities of RMB4,762.4 million and (v) increase in trade payables, bills payables and other payables of RMB1,028.5 million.

For the year ended December 31, 2018, our net cash used in operating activities was RMB626.3 million, which was the result of cash used in operations of RMB467.4 million and income tax paid of RMB158.9 million. Net cash used in operations in 2018 was primarily attributable to the profit before income tax of RMB481.0 million, adjusted mainly by the following items: (i) increase in properties under development and completed properties held for sale of RMB2,171.6 million primarily due to an increase in property development activities; and (ii) increase in restricted cash of RMB189.0 million, and partially offset by (iii) increase in contract liabilities of RMB1,127.1 million; and (iv) increase in trade and other receivables and prepayment of RMB210.0 million.

For the year ended December 31, 2017, our net cash generated from operating activities was RMB75.9 million, which was the result of cash generated from operations of RMB118.2 million and income tax paid of RMB42.3 million. Net cash generated from operations in 2017 was primarily attributable to the profit before income tax of RMB72.7 million, adjusted mainly by the following items: (i) increase in contract liabilities of RMB1,311.1 million and (ii) increase in trade payables, bills

FINANCIAL INFORMATION

payables and other payables of RMB522.1 million, and partially offset by (iii) increase in properties under development and completed properties held for sale of RMB909.3 million and (iv) increase in trade and other receivables and prepayments of RMB860.3 million.

Net Cash (Used in)/Generated from Investing Activities

Net cash used in our investing activities is primarily related to cash outflow in connection with our payments for acquisition of subsidiaries, advances to Controlling Shareholders, loans advanced to our joint ventures and associates and related parties. Net cash flows from our investing activities is primarily related to cash inflow in connection with repayment of advances to our joint ventures and associates and related parties.

For the year ended December 31, 2019, we had net cash generated from investing activities of RMB491.4 million, primarily comprising (i) repayment of advances to joint ventures and associates of RMB1,016.2 million and RMB535.0 million, respectively; (ii) repayment of advances to non-controlling interests of RMB314.5 million; (iii) repayment of advances to third parties of RMB214.5 million, which was partially offset by (iv) the increase in advances to joint ventures and associates of RMB796.8 million and RMB328.1 million, respectively; and (v) advances to non-controlling interests of RMB410.0 million during the same period.

For the year ended December 31, 2018, we had net cash used in investment activities of RMB524.8 million, which was the combined effect of (i) the increase in advances to Controlling Shareholders of RMB6,006.6 million; (ii) the increase in advances to joint ventures and associates of RMB1,659.8 million and RMB937.5 million respectively; (iii) increase in advances to non-controlling interests of RMB357.6 million; (iv) increase in advances to third parties of RMB355.7 million; (v) the increase in investment in joint ventures and associates of RMB232.0 million and RMB192.1 million respectively; and (vi) net cash paid for acquisition of subsidiaries of RMB196.7 million, and was partially offset by (vii) repayment of advances to Controlling Shareholders of RMB5,954.4 million; (viii) repayment of advances to joint ventures and associates of RMB1,861.6 million and RMB892.6 million, respectively.

For the year ended December 31, 2017, we had net cash used in investing activities of RMB1,308.7 million, primarily comprising (i) the increase in advances to Controlling Shareholders of RMB4,023.2 million; (ii) advances to joint ventures of RMB1,262.9 million; (iii) increase in advance to third parties of RMB303.7 million which was partially offset by (iv) interest received of RMB8.4 million; (v) repayment of advances to Controlling Shareholders of RMB3,998.8 million; and (vi) repayment of advances to joint ventures of RMB509.4 million.

During the Track Record Period, our Group has, from time to time, made advances to our Controlling Shareholders, which are unsecured, interest free and repayable on demand, and according to our Controlling Shareholders, those advances were for their short term personal use. In respect of the cash flow relating to our Group's investing activities, the advances from our Group to our Controlling Shareholders during the three years ended December 31, 2019 amounted to RMB4,023.2 million, RMB6,006.6 million and RMB112.0 million, respectively, while the repayment of advances from our Controlling Shareholders during the relevant periods amounted to RMB3,998.8 million, RMB5,954.4 million and RMB112.5 million, respectively. We had no amount due from our Controlling Shareholders as of December 31, 2019.

FINANCIAL INFORMATION

Net Cash Generated from Financing Activities

Cash generated from financing activities is primarily related to proceeds from bank and other borrowings, advances from Controlling Shareholders and advances from non-controlling interests. Cash used in financing activities is primarily related to repayment of bank and other borrowings and repayment of advances from Controlling Shareholders and non-controlling interests.

For the year ended December 31, 2019, we had net cash generated from financing activities of RMB6,694.1 million, primarily comprising of (i) advances from non-controlling interest of RMB7,771.2 million; (ii) proceeds from borrowings of RMB2,831.5 million, (iii) advances from associates and joint ventures of RMB837.4 million and RMB830.9 million; (iv) capital injection from non-controlling interests of RMB482.1 million, which was partially offset by (v) repayment of advances from non-controlling interest of RMB4,318.5 million; (vi) the repayment of borrowings of RMB834.4 million and (vii) repayment of advances from joint ventures and associates of RMB470.2 million and RMB161.9 million, respectively, and (viii) interest paid of RMB185.8 million.

For the year ended December 31, 2018, we had net cash generated from financing activities of RMB1,607.7 million, primarily comprising (i) advances from non-controlling interests of RMB2,397.7 million; (ii) advances from joint ventures of RMB894.7 million; (iii) advances from associates of RMB522.7 million; and (iv) proceeds from borrowings of RMB480.8 million, which was partially offset by (v) repayment of advances from non-controlling interest of RMB1,176.0 million; (vi) repayment of advances from joint ventures of RMB598.0 million; (vii) repayment of advances from third parties of RMB423.8 million and (viii) repayment of advances from associates of RMB292.8 million.

For the year ended December 31, 2017, we had net cash generated from financing activities of RMB1,055.5 million, primarily comprising (i) advances from associates of RMB900.3 million; (ii) advances from joint ventures of RMB530.7 million; and (iii) proceeds from borrowings of RMB305.0 million, which was partially offset by (iv) repayment of advances from associates of RMB396.9 million and (v) repayment of advances from joint ventures of RMB318.2 million.

During the Track Record Period, our Controlling Shareholders have, from time to time, made advances in form of cash and bills to our Group to meet our short-term working capital requirements such as making security deposit in auction of land parcels. Advances from Controlling Shareholders to our Group in respect of the cash flow relating to our Group's financing activities for the three years ended December 31, 2019 amounted to RMB160.6 million, RMB116.8 million and RMB353.4 million, respectively, while the repayment of advances from our Controlling Shareholders during the relevant periods amounted to RMB144.8 million, RMB122.9 million and RMB339.9 million, respectively. Such advances from Controlling Shareholders are unsecured, interest-free and repayable on demand. As of April 30, 2020, amounts due to our Controlling Shareholder was RMB27.8 million, which will be fully settled prior to the Listing.

As of the Latest Practicable Date, our Group has adopted internal control policy and procedures to monitor advances to and from our Controlling Shareholders. Any advances to and from our Controlling Shareholders after the Listing will constitute financial assistance under Chapter 14A of the Listing Rules, and those transactions will be subject to the applicable reporting, annual review, announcement, circular and independent shareholders' approval requirements after the Listing.

Working Capital

Substantial capital expenditures are required in property development for land acquisition and construction. During the Track Record Period, we funded our growth primarily through proceeds generated from pre-sales and sales of our properties, advances from Controlling Shareholders and non-controlling interests and external financing, which includes, primarily, bank borrowings and other financing arrangements including trust financing. The availability and cost of financing may be subject to a number of factors, such as measures or initiatives imposed by the PRC government on borrowings. We expect to continue to fund our operations by cash generated from operations and external financing. The

FINANCIAL INFORMATION

net proceeds from the Global Offering is also one of our primary sources to fund our capital expenditures in the coming years. While we expect that more diversified sources of financing will strengthen our financial capability which enables us to consider a wider range of favorable land acquisition opportunities, we do not have any current plans for other types of debt financing other than those we employed during the Track Record Period.

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, at our headquarters level, various departments 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.

Taking into account our business prospects and the financial resources available to our Group, including cash expected to be generated from our operations, presently available banking facilities, other financial resources available to us and the estimated net proceeds from the Global Offering, (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the low end of the indicative Offer Price range), our Directors are satisfied, after due and careful inquiry, that we have sufficient available working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to purchase of property, plant and equipment. For the three years ended December 31, 2019, we recorded capital expenditures of RMB1.5 million, RMB5.8 million and RMB18.0 million, respectively. Our Directors estimate that our capital expenditure for the year ending December 31, 2020 would be approximately RMB12.0 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.

Capital Commitments

The following table sets forth our commitments for capital and property development expenditures we had contracted but yet provided for as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Contracted but not provided for	<u>1,311,445</u>	<u>6,585,288</u>	<u>13,457,571</u>

Our property development expenditure commitments as of the end of each reporting period during the Track Record Period were the commitments which will be incurred in accordance with the construction progress of our property development projects. Our capital commitment as of December 31, 2019 is expected to be paid by RMB5,987.8 million for the year ending December 31, 2020, by RMB3,442.9 million for the year ending December 31, 2021 and the remaining of RMB4,026.9 million subsequent to December 31, 2021. Our Directors believe that we will be able to settle our property development expenditure commitments by proceeds received from the sale and pre-sale of our properties, bank borrowings, trust financing arrangements and the net proceeds from the Global Offering.

FINANCIAL INFORMATION

Operating Lease Commitments – a group company as lessor

We lease certain of our properties under non-cancelable operating lease arrangements. The following table sets forth our future minimum lease payments receivables as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within one year	2,045	2,160	4,340
Later than one year but no later than five years	2,851	1,680	7,591
	<u>4,896</u>	<u>3,840</u>	<u>11,931</u>

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
	RMB'000	RMB'000	RMB'000	2020
				RMB'000 (Unaudited)
Non-current				
Bank borrowings – secured and guaranteed	135,300	386,400	1,076,099	3,372,609
Other borrowing – secured	–	165,400	633,000	984,700
Lease liabilities.....	279	3,502	3,782	1,762
	<u>135,579</u>	<u>555,302</u>	<u>1,712,881</u>	<u>4,359,071</u>
Current				
Bank borrowings – secured and guaranteed	181,700	64,300	764,200	874,417
Other borrowing – secured	523	240,000	380,000	538,900
Lease liabilities.....	672	5,313	8,188	7,932
Amounts due to Controlling Shareholders	65,150	9,981	23,539	27,830
Amounts due to related parties	21,824	11,119	–	–
Amounts due to joint ventures	212,536	509,177	869,944	958,589
Amounts due to associates	592,355	822,213	1,497,735	1,425,334
Amounts due to non-controlling interests.....	–	1,221,665	4,682,599	3,004,738
Amounts due to third parties	80,000	228,507	139,812	125,072
	<u>1,154,760</u>	<u>3,112,275</u>	<u>8,366,017</u>	<u>6,962,812</u>
Total	<u>1,290,339</u>	<u>3,667,577</u>	<u>10,078,898</u>	<u>11,321,883</u>

Bank and Other Borrowings

During the Track Record Period, our external financing was mainly used for financing our project construction and development over the periods. The increase in our total borrowings during the Track Record Period was primarily due to the increase in financial needs in light of our development projects and cash flow planning. All of our borrowings were denominated in RMB. All of our borrowings as of December 31, 2017, 2018, 2019 and April 30, 2020 were secured by certain land use rights, fixed assets, equity interests of certain group companies, properties under development, completed properties held for sales and investment properties, while certain of our bank and other borrowings amounted to RMB317.5 million, RMB450.7 million, RMB2,095.1 million and RMB3,868.8 million were guaranteed by our subsidiaries and/or our Controlling Shareholders and their spouses. All of such bank and other borrowings were repaid and the guarantees by our Controlling Shareholders and their associates were released in June 2020.

FINANCIAL INFORMATION

As of April 30, 2020, our unutilized banking facilities and other borrowings amounted to RMB2,350.8 million.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. Please refer to Note 21(f) of the Accountant’s Report in Appendix II to this prospectus for details. Certain of our subsidiaries are also prohibited from merger, 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 notification to or consent from the relevant banks. Certain of our banking facilities also contain cross default provisions. Please refer to “Risk Factors — Risks relating to our business — We may not have adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all” in this prospectus for details. 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 we had not defaulted on any obligation in any material respect under our credit facilities which had a material adverse effect on our business and financial conditions 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.

Our other borrowings comprise of our borrowings from trust financing arrangements. As with many other property developers in the PRC, we also enter into financing arrangements with trust companies and other financial institutions 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.

As of December 31, 2017, 2018, 2019 and April 30, 2020, the total amount of trust financing arrangements outstanding accounted for 0.2%, 47.4%, 35.5% and 26.4% of our total borrowings as of the same date. Please refer to “Business — Project financing — Trust financing arrangements” in this prospectus for further details of our trust financing arrangement as of December 31, 2019 and April 30, 2020.

The following table sets for the weighted average effective interest rates on our bank and other borrowings as of the date indicated.

	As of December 31,			As of April 30,
	2017	2018	2019	2020 (Unaudited)
Bank borrowings	6.2%	7.5%	7.7%	6.9%
Other borrowings	11.0%	11.2%	10.8%	11.7%
Weighted average effective interest rates	<u>6.3%</u>	<u>8.0%</u>	<u>8.8%</u>	<u>8.3%</u>

The following table sets forth the maturity profiles of our total bank and other borrowings as of the dates indicated.

FINANCIAL INFORMATION

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 year	182,223	304,300	1,144,200	1,413,317
Between 1 and 2 years	46,300	538,400	1,525,799	3,451,544
Between 2 and 5 years	82,000	9,800	183,300	905,765
Over 5 years	7,000	3,600	–	–
	<u>317,523</u>	<u>856,100</u>	<u>2,853,299</u>	<u>5,770,626</u>

Contingent Liabilities and Guarantees

The following table sets forth our guarantees (i) in respect of mortgage facilities for certain purchasers of our properties and (ii) provided by our Group for the borrowings of our joint ventures and associates as of the dates indicated.

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Guarantee in respect of mortgage facilities for certain purchasers	885,672	1,615,674	3,294,002	4,361,071
Guarantee provided for the borrowings of joint ventures and associates	230,000	1,239,757	905,447	743,516
	<u>1,115,672</u>	<u>2,855,431</u>	<u>4,199,449</u>	<u>5,104,587</u>

During the Track Record period, we had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, we are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by us to the bank. Our Directors consider that the likelihood of default of payments by the purchasers is minimal and our Group's credit risk is significantly mitigated.

We also provided guarantee for borrowings of our joint ventures and associates from time to time. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and our guarantee was provided in addition to the pledges. Our Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognized.

As of April 30, 2020, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding indebtedness of RMB11,321.9 million. Save as disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, debentures, charges, mortgages, material contingent liabilities or guarantees outstanding as of April 30, 2020. Our Directors confirm that, saved as disclosed herein, there is no material change in our indebtedness position since April 30, 2020 up to the date of this prospectus. We intend to continue to

FINANCIAL INFORMATION

finance portions of our development projects with bank and other borrowings, as we deem appropriate. Except for such bank and other borrowings, we currently do not have plans for other material external debt financing.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of April 30, 2020, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties or related parties.

Except as disclosed in “Indebtedness”, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments as of April 30, 2020.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2017	2018	2019
Net profit margin (%) ⁽¹⁾	7.6	20.0	23.8
Return on total assets (%) ⁽²⁾	0.9	4.5	2.9
Return on equity (%) ⁽³⁾	10.6	64.9	39.9
	As of December 31,		
	2017	2018	2019
Current ratio (times) ⁽⁴⁾	1.0	1.1	1.1
Gearing ratio (%) ⁽⁵⁾	98.8	122.1	172.6
Net debt to equity ratio (%) ⁽⁶⁾	37.7	2.0	20.6
Interest coverage ratio (times) ⁽⁷⁾	7.6	5.8	2.1

Notes:

1. Equals to net profit for the year divided by revenue of the respective year/period and multiplied by 100%.
2. Equals to net profit for the year divided by the average of the beginning and ending total assets of the same year and multiplied by 100%.
3. Equals to net profit for the year divided by the average of the beginning and ending total equity of the same year and multiplied by 100%.
4. Equals to current assets divided by current liabilities as of the end of the respective year.
5. Equals to total debt divided by total equity as of the end of the respective year and multiplied by 100%. Total debt refers to our borrowings as of the respective dates.
6. Equals to total debt less restricted cash, pledged time deposits and cash and cash equivalents as a percentage of total equity as of the end of the respective year and multiplied by 100%. Total debt refers to our borrowings as of the respective dates.
7. Equals to profit before income tax, adding net finance costs which does not include capitalized interest divided by interest on interest-bearing borrowings which include capitalized interest for the respective year.

Net Profit Margin

Our net profit margin increased significantly from 7.6% for the year ended December 31, 2017 to 20.0% for the year ended December 31, 2018 mainly attributable to (i) increase in our gross profit margin from 21.9% in 2017 to 30.8% in 2018; (ii) the share of losses of joint ventures and associates in 2017 as compared to a significant share of profits from our joint ventures and associates in 2018, and the combined effect of which was partially offset by the decrease in the fair value gain from our investment properties, and listing expenses we incurred in 2018.

FINANCIAL INFORMATION

Our net profit margin further increased from 20.0% for the year ended December 31, 2018 to 23.8% for the year ended December 31, 2019 mainly attributable to (i) increase in our gross profit margin from 30.8% in 2018 to 42.7% in 2019; (ii) significant increase in share of profits from our joint ventures and associates in 2019, and the combined effect of which was partially offset by the increase in the selling and marketing expenses and general and administrative expenses we incurred in 2019 mainly because of the increase in our number of development projects.

Return on Total Assets

Our return on total assets increased from 0.9% for the year ended December 31, 2017 to 4.5% for the year ended December 31, 2018, which was primarily attributable to the substantial increase in our net profit in 2018 as a result of (i) the increase in our gross profit in 2018 and; (ii) the share of losses of joint ventures and associates in 2017 as compared to a significant share of profits from our joint ventures and associates in 2018. Our return on total assets then decreased to 2.9% for the year ended December 31, 2019 which was primarily attributable to the increase in our number of development projects and the increase in our properties under development in 2019 which is expected to generate return to our Group in future periods.

Return on Equity

The increase in our return on equity from 10.6% for the year ended December 31, 2017 to 64.9% for the year ended December 31, 2018 was mainly due to (i) the significant increase in our net profit in 2018 as a result of the increase in our gross profit in 2018, and we recorded share of losses of joint ventures and associates in 2017 as compared to a significant share of profits from our joint ventures and associates in 2018; and (ii) the payment of dividend of RMB94.0 million which reduced our total equity in 2018. Our return on equity then decreased to 39.9% for the year ended December 31, 2019 which was mainly attributable to the capital injection from non-controlling interests of our subsidiaries as capital contribution for certain jointly developed projects we started up in 2019.

Current Ratio

Our current ratio was 1.0, 1.1, and 1.1 as of December 31, 2017, 2018 and 2019, respectively, which remained stable during the Track Record Period.

Gearing Ratio

Our gearing ratio was 98.8%, 122.1% and 172.6% as of December 31, 2017, 2018 and 2019, respectively. The increase in our gearing ratio during the Track Record Period was in line with the increase in our average balance of bank and other borrowings.

Net Debt to Equity Ratio

Our net debt to equity ratio was 37.7%, 2.0%, and 20.6% as of December 31, 2017, 2018 and 2019, respectively. Our net debt to equity ratio decreased from 37.7% as of December 31, 2017 to 2.0% as of December 31, 2018, as certain of our jointly developed projects were financed by cash advances from third party business partners instead of bank and other borrowings as of December 31, 2018. Our net debt to equity ratio then increased to 20.6% as of December 31, 2019 primarily due to the increase in our bank and other borrowings.

Interest Coverage

Our interest coverage ratio was 7.6, 5.8 and 2.1 for the years ended December 31, 2017, 2018 and 2019, respectively. The decrease in our interest coverage ratio during the Track Record Period was mainly attributable to the increase in interest bearing financing for our jointly developed projects. As our jointly developed projects typically require financing in the early stage of development and do not generate

FINANCIAL INFORMATION

return until properties are delivered in later periods, the increase in number of our jointly developed projects in 2018 and 2019 attributed to a significant increase in our finance costs for bank and other borrowings as well as interest-bearing cash advances from non-controlling interests of our subsidiaries of such jointly developed projects, which in turn resulted in the decrease in our interest coverage in the Track Record Period.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are, in the ordinary course of our business, exposed to various market risks such as fair value interest rate risk and cash flow interest rate risk, and 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 Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose us to cash flow interest rate risk which is partially offset by cash held at variable rates, while borrowings obtained at fixed rates expose our Group to fair value interest rate risk. We continue to closely monitor the trend of interest rate and its impact on our interest rate risk exposure. We currently have not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise. As of December 31, 2017, 2018 and 2019, our bank and other borrowings which were bearing at floating rates amounted to RMB120.0 million, RMB153.0 million and RMB2,133.2 million, respectively. If interest rates on borrowings at floating rates had been 50 basis point higher or lower with all other variables held constant, interest charges for the three years ended December 31, 2019 would increase/decrease RMB0.6 million, RMB0.8 million and RMB10.7 million, respectively.

The sensitivity analysis above assumes that the changes in interest rates would have occurred as of the dates indicated and had been applied to all of floating rate bank and other borrowings, without taking into account the impact of interest capitalization.

Credit Risk

Our credit risk is primarily attributable to trade and other receivables, pledge time deposits, cash and cash equivalents and restricted cash, amount due from a Controlling Shareholder, amounts due from associates and joint ventures and amounts due from related parties included in the consolidated statements of financial position, which represent our maximum exposure to credit risk in relation to its financial assets. Our management has credit policies in place to monitor the exposures to these credit risks on an ongoing basis.

In order to manage this risk, our bank deposits are mainly deposited with reputable banks which are all high-credit-quality financial institutions incorporated in the PRC. For credit exposures to customers, we closely monitor the collection of progress payments from customers in accordance with payment schedule agreed with our customers. We also have policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appreciate percentage of down payments. In addition, we have set out policies to ensure follow-up action is taken to recover overdue debts and we review regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment provisions are made for irrecoverable amounts.

For other receivables and amounts due from associates, joint ventures and related parties, we assess the credit quality of the counterparties by considering their financial position, credit history and other factors. Our management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Our Directors are of the opinion that the risk of default by counterparties is low. We believe that there is no material credit risk inherent in our Group's outstanding balance of trade and other receivables.

FINANCIAL INFORMATION

Our Directors confirm that we are not exposed to significant concentrations of credit risk during the Track Record Period and up to the Latest Practicable Date, as our outstanding balance of trade and other receivables are spread over a number of counterparties and customers. We consider the shared credit risk characteristic and the days past due of the trade receivables to measure the expected credit loss. The loss allowance provision for these balances was not material during the Track Record Period.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sales of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

We have a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local property market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. We will pursue such options based on assessment of relevant future costs and benefits. Our Directors consider that we will be able to maintain sufficient financial resources to meet its operation needs.

DIVIDEND

For the three years ended December 31, 2019, certain subsidiaries of our Group declared and paid dividend of RMB6.7 million, RMB92.0 million and nil, respectively, to their then equity holders. As of the Latest Practicable Date, no dividend has been declared or paid by our Company since its incorporation.

We do not have any predetermined dividend pay out ratio. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the declaration and payment of future dividends will be subject to the discretion of our Board having regard to various factors, including our operation and financial performance, profitability, business development, prospects, capital requirements, economic outlook and any other conditions that our Directors deem relevant. In addition, a decision to declare and pay any dividends would require the approval of our Shareholders in the Shareholders' meeting. The declaration and/or payment of dividends may also be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2019, our Company had no distributable reserve available for distribution to our Shareholders.

FINANCIAL INFORMATION

LISTING EXPENSES

Listing expenses consist primarily of underwriting commissions and professional fees incurred in connection with the Global Offering. Our total listing expenses is estimated to be RMB98.6 million, of which RMB66.3 million is directly attributable to the issue of new Shares in connection with the Global Offering and to be accounted for as a deduction from the equity, and the remaining amount of RMB32.3 million has been or will be reflected in our consolidated statements of comprehensive income. Listing expenses of RMB10.7 million and RMB10.1 million in relation to services performed by relevant parties were reflected in our consolidated statements of comprehensive income for the years ended December 31, 2018 and 2019, respectively, and additional listing expenses of RMB11.5 million are expected to be recognized in our consolidated statements of comprehensive income subsequent to the Track Record Period.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for our unaudited pro forma adjusted combined net tangible assets.

RELATED PARTY TRANSACTIONS

The related party transactions during the Track Record Period are as set forth in Note 30 to the Accountant’s Report included in Appendix I to this prospectus.

Our significant related party transactions during the Track Record Period primarily included transactions in connection with (i) lease payment to a senior management of our Group; (ii) interest income from our joint ventures and associates; (iii) sales of properties to our Controlling Shareholders; (iv) receiving of construction and decoration services from an entity controlled by our Controlling Shareholders; (v) guarantee fee to business partners of our joint ventures and associates; (vi) income from rendering of management and consulting services to our joint ventures and associates; and (vii) interest expense to a joint venture and associates.

Our Directors are of the view that all of the related party transactions were conducted in the normal course of business and on an arm’s length basis and on fair and reasonable terms.

PROPERTY INTERESTS AND PROPERTY VALUATION

C&W, an independent property valuer, has valued our property interests as of the Valuation Date and is of the opinion that the aggregate value of our property interests as of such date was RMB21,448.1 million. The full text of the letter, summary of valuation and valuation report with regard to such property interests are set out in Appendix III to this prospectus.

Property Valuation Reconciliation

The statement below shows the reconciliation of aggregate amounts of our properties as reflected in the audited consolidated financial information as of December 31, 2019 as set out in Appendix I to this prospectus with the valuation of these properties as of the Valuation Date as set out in Appendix III to this prospectus.

FINANCIAL INFORMATION

	RMB'000
Net book value of the following properties as of December 31, 2019	
Properties under development	16,052,548
Investment properties	170,800
Completed properties held for sale	732,904
Subtotal	<u>16,956,252</u>
Add: Additions during the period from January 1, 2020 to March 31, 2020	2,735,045
Less: Sales of completed properties held for sale during the period from January 1, 2020 to March 31, 2020	<u>(62,323)</u>
Net book value of the properties as of March 31, 2020	19,628,974
Net valuation surplus	<u>1,819,126</u>
Market value of properties as of Valuation Date as set out in the Property Valuation Report in Appendix III to this prospectus	<u><u>21,448,100</u></u>

SUBSEQUENT EVENT

Please refer to “Summary — Recent development”, and “Events after the balance sheet date” and “Subsequent financial statements” of the Accountant’s Report as set out in Appendix I to this prospectus for further details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2019, being the date on which our latest audited consolidated financial information were prepared, and there is no event since December 31, 2019 which would materially affect the information as set out in the Accountant’s Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that there were no circumstances that would give rise to a disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to “Business — Our strategies” in this prospectus for a detailed description of our future plans.

REASONS FOR LISTING

We aim to strengthen our position as an established property developer in the PRC focusing on the development of residential properties through (i) focusing on the Yangtze River Delta Region and strategically expand into other new markets outside of the region, such as the Central Region in the PRC; (ii) continuing to adopt our diversified land acquisition strategy to enrich our land reserves and expand our operation to new markets; (iii) continuing to improve our product quality and design to position our products to meet the evolving market demand and create value for our customers; (iv) continuing to improve our operational and cost efficiency; and (v) attracting, retaining and motivating talented personnel through systemic training programs, proactive recruitment and competitive remuneration package. For further details regarding our future plans, please refer to “Business — Our Strategies” in this prospectus for further details.

In addition, our Directors are of the view that the Listing of our Shares on the Stock Exchange will facilitate the implementation of our strategies and will further strengthen our market position as property developer in the PRC in general for the reasons below.

Satisfying our genuine funding need in order to expand our business through land acquisitions

We will continue to focus on property developments in surroundings areas of our existing business, which includes Jiangsu, Shanghai and Zhejiang province. To sustain our future growth, we aim to acquire lands (i) within the Yangtze River Delta Region; (ii) at second-tier cities covered by the China High Speed Railways; and (iii) at areas that are undergoing development in real estate market, with stable land supply that leads to lower land premium and potential growth in prices of real estate properties for future property development.

Our principal sources of funds have historically been our equity capital, cash generated from our operations and borrowings. We plan to use a part of our cash and cash equivalents, together with respectively 60% and 30% of the net proceeds of the Global Offering, among other things, as (i) funding of land premium and potential development projects; and (ii) the construction costs for the development, of some of our existing projects. See “Use of Proceeds” below for further details.

According to 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 was jointly issued by the PBOC and the CBRC on July 29, 2008, banks in the PRC are restricted from granting loans to property developers for the purpose of paying land grant premiums. Although we have obtained loan facilities to fund the construction and development costs of some of our development projects, there is no guarantee we can obtain the same level of loan facilities in the future. Therefore, our Directors believe that it is necessary for our Group to keep a sufficient level of cash and cash equivalents, and net proceeds of the Global Offering in order to cope with our future land acquisition needs as well as the construction and development needs (if necessary). Our Directors believe that the net proceeds from Listing are good sources of cash for our Group.

Enhancing our corporate profile, brand awareness and competitiveness

Our Directors are of the view that a public listing status will enhance our corporate profile and recognition and reinforce our brand awareness and image among our existing and potential business partners, customers and suppliers, which may assist us to enhance our corporate profile and lead to greater presence of our Group within the industry. With more exposure, higher corporate transparency and higher level of scrutiny, we believe our Group can deliver greater assurance and credibility to our existing and potential partners, customers and suppliers, hence become more competitive in our industry in attracting more business opportunities.

FUTURE PLANS AND USE OF PROCEEDS

Besides, as some of our competitors have already been listed on the Stock Exchange, our Directors believe that a public listing status will enhance our competitiveness in the market since some business partners, customers and suppliers may prefer to work with developers with more transparent financial disclosure and regulatory supervision. For some of our business partners who are listed property developers in Hong Kong, they may prefer to work with other property developers who also have a public listing status in the long run. As a result, our Directors consider that we need to maintain our competitiveness among the industry peers and differentiate ourselves from other competitors which are private companies through public listing.

Enhance our Group's market status and bargaining power amongst existing and potential business partners, customers and suppliers, government authorities

Our Directors believe that a listing status will enhance our credibility with our business partners. Thus, our position would be more favorable when negotiating on cooperation arrangement with both existing and potential business partners for our development projects. With such status, our Group can be more flexible in terms of profit sharing and involvement level of daily operation of project companies and create synergy with business partners for future development projects.

Following the Listing, our Directors believe that our Group will be able to obtain higher bargaining power when negotiating terms with our business partners, higher market status when negotiating with local government in relation to our property development proposals, including the grant of land, land sale terms and condition, development planning parameters and scale of properties and property pre-sale schedule and price.

Enhancing work morale to our existing and future workforce

To effectively implement our business strategies, our Directors are of the view that a public listing status allows us to more easily retain our existing staff. Our staff will feel more secured about their employment with us as compared to a private group and thus strengthening their morale at work. We believe that a loyal team of well-trained and experienced workforce will improve the quality of our services and optimize our daily operations to the benefit of our long-term development and competitiveness. Moreover, our Directors are of the view that a listing status is essential for future expansion as it could increase our ability to attract experienced and talented personnel to join our Group.

Enhance capital market accessibility and ease of raising funds in capital market

We believe that the Listing represents an important step to implement our business strategies. Through the Listing, not only can we raise funds from the Global Offering, we can also gain better access to capital market for future secondary fund raising for our future expansion plans as and when necessary through the issuance of equity and/or debt securities, with relatively lower financing cost as compared with bank financing as can be obtained by a private company. Following the Listing, our Directors believe our Group will gain additional leverage in obtaining financing with relatively more favorable terms and better bargaining power. Furthermore, with the option of equity financing, our Group will be able to maintain a lower gearing level, which will reduce our leverage and enhance our capital structure. Our Directors also believe that the use of equity financing would reduce our interest expenses as compared to the use of debt financing. Upon Listing, we believe our shareholder base will be more diversified which we may tap into for further funding needs. With greater flexibility in fund-raising, our Group will have more flexibility in obtaining capital and fund for our developments in order to cater our financing need from time to time.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$3.85 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be HK\$1,432.2 million, after deduction of underwriting fees and commissions and estimated expenses payable in connection with the Global offering and assuming the Over-allotment Option is not exercised, and no Shares are issued pursuant to any options which may be granted under the Share Option Scheme. We intend to use the net proceeds of the Global Offering for the following purposes:

- (a) HK\$859.3 million, representing 60.0% of the net proceeds, will be used to fund land costs of potential development projects;
- (b) HK\$429.7 million, representing 30.0% of the net proceeds, will be used as the construction costs for the development of our existing projects, namely, Jiangnan Taoyuan (江南桃源), Shan Shui Shi Jian (山水拾間), Ganglong Lakeside Mansion (港龍•湖光龍樾), Nature Image (泊翠瀾境), Jun Wang Mei Ting (君望美庭) and Ganglong Capital (港龍首府). See “Business — Our property development projects” and “Summary — Recent Developments” in this prospectus for further details; and
- (c) HK\$143.2 million, representing 10.0% of the net proceeds will be used for general working capital purposes.

The following table set forth details of allocation of our net proceeds from the Global Offering:

Use of proceeds	Note	Amount of net proceeds allocated HK\$ million	Percentage to total net proceeds %
(a) To fund land costs of potential development projects	(i)	859.3	60.0
(b) To finance the construction costs for the development of our existing projects			
– Jiangnan Taoyuan (江南桃源)	(ii)	59.5	4.2
– Shan Shui Shi Jian (山水拾間)	(ii)	31.5	2.2
– Ganglong Lakeside Mansion (港龍•湖光龍樾)	(ii)	96.5	6.7
– Nature Image (泊翠瀾境)	(ii)	67.7	4.7
– Jun Wang Mei Ting (君望美庭)	(ii)	93.0	6.5
– Ganglong Capital (港龍首府)	(ii)	81.5	5.7
		429.7	30.0
(c) General working capital		143.2	10.0
Total		<u>1,432.2</u>	<u>100.0</u>

Notes:

- (i) As of the Latest Practicable Date, we had not identified land parcels for acquisition by using our net proceeds from the Global Offering.
- (ii) See project number 31, 29, 27, 14, 34 and 23 as set out in “Business – Our property development projects” for further details.

The net proceeds are expected to be fully utilized within the year ending December 31, 2020.

The above allocation of proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price range.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$4.10 per Offer Share, the net proceeds we receive from the Global Offering will increase to HK\$1,528.2 million. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$3.60 per Offer Share, the net proceeds we receive from the Global Offering will decrease to HK\$1,336.2 million. To the extent our net proceeds are either more or less than expected, we will adjust the allocation of the net proceeds for the above purposes on a pro rata basis. If we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$3.24 per Offer Share, the estimated net proceeds we will receive from the Global Offering will be further reduced by an additional amount of approximately HK\$138.2 million. To the extent our net proceeds are further reduced, we will adjust our allocation of the net proceeds for the above purposes accordingly on a pro rata basis.

We will issue an announcement in the event that there is any material change in the use of proceeds from the Global Offering as described above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks in Hong Kong or the PRC.

UNDERWRITING

HONG KONG UNDERWRITERS

Huajin Securities (International) Limited
CRIC Securities Company Limited
CMB International Capital Limited
ABCI Securities Company Limited
Haitong International Securities Company Limited
AMTD Global Markets Limited
Emperio Securities And Assets Management Limited
First Shanghai Securities Limited
Zhongtai International Securities Limited
Soochow Securities International Brokerage Limited
BOCOM International Securities Limited
Yue Xiu Securities Company Limited
Victory Securities Company Limited
Bradbury Securities Limited
GLAM Capital Limited

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 40,000,000 Hong Kong Offer Shares and the International Offering of initially 360,000,000 International Offer Shares, subject, in each case, to adjustment on the basis as described in “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

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. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is 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.

Subject to:

- (a) the Listing Committee granting listing of, and permission to deal in, the Shares to be offered under the Global Offering as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including an additional 60,000,000 Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement,

the Hong Kong Underwriters have agreed to subscribe for, or to 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.

UNDERWRITING

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice in writing to our Company from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if at or prior to 8:00 a.m. on the Listing Date:

- (1) there has come to the notice of the Joint Global Coordinators:
 - (a) that any statement contained in this prospectus, Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”) was, when it was issued, or has become, untrue, incorrect, in any material respect, or misleading or deceptive or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
 - (c) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
 - (d) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong, as warrantors (“**Warrantors**”) under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or
 - (e) any material adverse change, or any development likely to involve a prospective material adverse change, in the condition (financial, operational or otherwise), on the due incorporation, or in the earnings, operations or prospects, assets or liabilities of our Company and its subsidiaries, joint ventures and associated companies, taken as a whole, whether or not arising in the ordinary course of business; or
 - (f) any breach of, or any event or circumstance rendering untrue or incorrect in any of the representations, warranties, agreements and undertakings to be given by the Warrantors under the Hong Kong Underwriting Agreement; or
 - (g) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, 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 any of the Relevant Documents or the Global Offering; or
 - (i) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offer Documents; or

UNDERWRITING

- (j) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
 - (k) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of our Directors; or
- (2) there shall develop, occur, exist or come into effect:
- (a) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics); or
 - (b) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, 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); or
 - (c) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange;
 - (d) any new Laws (as defined in the Hong Kong Underwriting Agreement), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the Cayman Islands, the British Virgin Islands or any other jurisdictions relevant to any member of our Group or the Global Offering (the “**Specific Jurisdictions**”); or

UNDERWRITING

- (e) 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), the PRC, or any of the Specific Jurisdictions, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of those places or jurisdictions; or
- (f) the imposition of economic sanctions, in whatever form, directly or indirectly, under any Laws (as defined in the Hong Kong Underwriting Agreement) by or for any of the Specific Jurisdictions; or
- (g) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any 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 fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions; or
- (h) any change or development involving a prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (i) any litigation or claim of any third party being threatened or instigated against any member of our Group or any of the Warrantors; or
- (j) any of the Directors and senior management members of our Company as set out in the “Directors, Senior Management and Employees” section of this prospectus being charged with an indictable offence or prohibited by operation of Law (as defined in the Hong Kong Underwriting Agreement) or otherwise disqualified from taking part in the management of a company; or
- (k) the chairman or chief executive officer of our Company vacating his or her office; or
- (l) a contravention by any member of our Group or any Director of the Listing Rules, the Companies Ordinance or any other laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any Governmental Authority (as defined in the Hong Kong Underwriting Agreement) applicable to the Global Offering;
- (m) a prohibition by any Government Authority (as defined in the Hong Kong Underwriting Agreement) on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or any Shares to be issued pursuant to the Over-allotment Option pursuant to the terms of the Global Offering; or
- (n) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any Governmental Authority (as defined in the Hong Kong Underwriting Agreement) applicable to the Global Offering; or
- (o) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or
- (p) commencement of a valid legal action by any creditor of any member of our Group as a result of occurrence of an event of default thereby triggering repayment or payment of any indebtedness of any member of our Group prior to its stated maturity and the relevant member of our Group fails to make such repayment or payment within the valid period of repayment or payment,

UNDERWRITING

which in each case individually or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):

- (i) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Group taken as a whole; or
- (ii) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing 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
- (iii) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering; or
- (iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

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, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain 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 Controlling Shareholders have undertaken to the Stock Exchange and to our Company that, they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not:

- (i) in the period commencing on 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 our 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 from the date on which the period referred to in paragraph 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 our 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 Controlling Shareholders.

UNDERWRITING

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 shareholders 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 pledged 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

Except for the offer and issue of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), 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 hereby undertakes to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor not to without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (1) 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 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 securities of our Company or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or
- (2) 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 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 securities of our Company or any interest in any of the foregoing); or
- (3) enter into any transaction with the same economic effect as any transaction specified in (1) or (2) above; or
- (4) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in (1), (2) or (3) above,

UNDERWRITING

in each case, whether any of the transactions specified in (1), (2) or (3) above is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the First Six-Month Period). In the event that, 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 enters into any of the transactions specified in (1), (2) or (3) above or offers to or agrees to or announces, or publicly discloses, 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 any Shares or other securities of our Company. Each of the Controlling Shareholders undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Sole Sponsor to procure our Company to comply with the undertakings specified above.

(B) Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders hereby undertakes to each of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor that, save for any pledge or charge to authorized institutions pursuant to Note 2 to Rule 10.07 of the Listing Rules and for the lending of Shares by Huaxing pursuant to the Stock Borrowing Agreement and except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the Stock Borrowing Agreement without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (1) be or it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, 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 (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any Shares or other securities of our Company or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities of our Company or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository 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 or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities 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, or publicly disclose, 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 in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period);

UNDERWRITING

- (2) he or it will not, during the Second Six-Month Period, enter into any of the transactions specified in (1)(i), (ii) or (iii) above or offer to or agree to or announce, or publicly disclose, any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he or it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (3) until the expiry of the Second Six-Month period, in the event that he or it enters into any of the transactions specified in (1)(i), (ii) or (iii) above or offers to or agrees to or announce or publicly disclose any intention to effect any such transaction, he or it will take all reasonable steps to ensure that he or it will not create a disorderly or false market in the securities of our Company.

Indemnity

We have agreed to indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters’ Interests in 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 our 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 and our Controlling Shareholders will enter into the International Underwriting Agreement with the Joint Global Coordinators 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, amongst 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.

Over-allotment Option

We expect to grant to the Joint Global Coordinators (on behalf of the International Underwriters), exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion, the Over-allotment Option, which will be exercisable at any time and from time to time on or before the expiration of the period of 30 calendar days from 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 60,000,000 Shares, representing 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any.

UNDERWRITING

Commissions and Expenses

The Joint Global Coordinators (on behalf of the Hong Kong Underwriters) will receive an underwriting commission of no more than 4% 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, we will pay in our discretion an incentive fee of up to 1% 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).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Joint Global Coordinators in their 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 Joint Global Coordinators in their 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 HK\$107.8 million (assuming an Offer Price of HK\$3.85 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 will ensure that there will be a minimum of 25.0% 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.

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 our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our 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 our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our 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 our 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 our Shares in most cases.

UNDERWRITING

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 our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our 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.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- (i) the Hong Kong Public Offering of an initial 40,000,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of an initial 360,000,000 International Offer Shares, subject to adjustment as mentioned below, outside the U.S. (including to professional investors within Hong Kong) in offshore transactions in reliance on Regulation S or pursuant to another exemption from the registration requirements under the U.S. Securities Act.

Up to 60,000,000 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 Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but cannot do both. Our Directors and the Joint Global Coordinators will take all reasonable steps to identify any multiple applications under the Hong Kong Public Offering and the International Offering which are not allowed and are bound to be rejected. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional investors in Hong Kong. The International Offering will involve selective marketing of Offer Shares to professional and institutional investors expected to have a sizeable demand for Shares in Hong Kong and other jurisdictions outside the U.S. in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around the Price Determination Date.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to adjustment as described in the paragraph headed “Pricing and allocation” in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application refer solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

Pricing

The Offer Price is expected to be fixed by an agreement between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, July 3, 2020 and in any event no later than Monday, July 13, 2020 and the Offer Shares are expected to be allocated shortly thereafter. If for any reason, we and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Offer Price will be not more than HK\$4.10 per Offer Share and is expected to be not less than HK\$3.60 per Offer Share, unless otherwise announced, as explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$4.10 per Offer Share plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$4,141.32 for one board lot of 1,000 Shares. Prospective investors should be aware that the

STRUCTURE OF THE GLOBAL OFFERING

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 Downward Offer Price Adjustment).

Announcement of Offer Price Reduction

The Joint Global Coordinators (for themselves and on behalf of the 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 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 Hong Kong Stock Exchange (www.hkexnews.hk) and our Company's website (www.glchina.group) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Tuesday, July 14, 2020. 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.

Reduction in offer price range and/or number of Offer Shares

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.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered pursuant to the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before 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 on Friday, July 3, 2020, cause to be published at our website at www.glchina.group and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range and will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such announcement and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in "Summary" in this prospectus and any other financial information which may change as a result of such reduction.

STRUCTURE OF THE GLOBAL OFFERING

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Allocation of the International Offer Shares under the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector, and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional, or corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole. Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of the Hong Kong Offer Shares validly applied for by applicants. The allocation of the Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares, and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for the Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

Allocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

Allocation of our Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation may be made to professional and institutional investors and is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

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, although the allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number or Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

Announcement of Offer Price and Basis of Allocations

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, and the level of applications and the results of and basis of allocations under the Hong Kong Public Offering are expected to be announced on Tuesday, July 14, 2020 on our website (www.glchina.group) (in English and Chinese) and on the Stock Exchange's website (www.hkexnews.hk) and in a variety of channels in the manner described in "How to Apply for the Hong Kong Offer Shares — 11. Publication of Results" in this prospectus. You should note that our website, and all information contained in our website, does not form part of this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to adjustment), and such listing and permission not subsequently having been revoked prior to commencement of dealing in the Shares on the Stock Exchange;
- (ii) the Offer Price having been duly determined between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and the execution and delivery of the Price Determination Agreement on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriter under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators (on behalf of the other Underwriters)) 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 respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason the Offer Price is not agreed by Monday, July 13, 2020 between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. 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 cause a notice of the lapse of the Hong Kong Public Offering to be published by us on our website (www.glchina.group) (in English and Chinese) and on the Stock Exchange's website (www.hkexnews.hk) on the next day following such lapse. In such case, all application monies will be returned to the applicants, without interest, on the terms set out in "How to Apply for the Hong Kong Offer Shares" in this prospectus. In the meantime, the application monies will be held in 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).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Hong Kong Offer Shares are expected to be issued on Tuesday, July 14, 2020 but will only become valid certificates of title at 8:00 a.m. on Wednesday, July 15, 2020, the date of commencement of dealings in the Shares, provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in "Underwriting — Underwriting

STRUCTURE OF THE GLOBAL OFFERING

arrangements and expenses — Hong Kong Public Offering — Grounds for termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

We are initially offering 40,000,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the 400,000,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to reallocation as mentioned below, the number of Shares offered under the Hong Kong Public Offering will represent 2.5% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Offering will not be allotted Offer Shares in the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form or applying online through HK eIPO White Form service or the electronic application instruction to HKSCC submitted by him or her, that he or she, and any person(s) for whose benefit he or she is making the application (if any), have not indicated an interest for or taken up and will not indicate an interest for or take up any International Offer Shares, and such applicant's application will be rejected if this undertaking and/or confirmation is breached and/or untrue.

Our Company, our Directors, the Sole Sponsor and the Joint Global Coordinators will take reasonable steps to identify and reject applicants under the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Offer Shares in the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the other Underwriters, may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that he or she is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK\$4.10 per Offer Share and is expected to be not less than HK\$3.60 per Offer Share. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$4.10 on each Hong Kong Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% the Stock Exchange trading fee on each Hong Kong Offer Share. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$4.10 per Offer Share, being the maximum Offer Price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in “How to Apply for the Hong Kong Offer Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- *Pool A*: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5.0 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and
- *Pool B*: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5.0 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 20,000,000 Hong Kong Offer Shares, being 50% of the Hong Kong Public Offering Shares initially being offered for subscription under the Hong Kong Public Offering, will be rejected.

Reallocation and Clawback

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Joint Global Coordinators, subject to the following:

- (a) where the International Offer Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deems appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering are not undersubscribed but represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 40,000,000 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 80,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

STRUCTURE OF THE GLOBAL OFFERING

- (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 120,000,000 Offer Shares (in the case of (1)), 160,000,000 Offer Shares (in the case of (2)) and 200,000,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;
- (b) where the International Offer Shares are undersubscribed:
 - (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 40,000,000 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 80,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the low end of the Offer Price range (i.e. HK\$3.60 per Offer Share) according to HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the result announcement of the Global Offering, which is expected to be published on Tuesday, July 14, 2020.

THE INTERNATIONAL OFFERING

The International Offering will consist of initially 360,000,000 Shares and is subject to reallocation and the Over-allotment Option, to be offered outside the United States (within the meaning of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong. The International Offering will be subject to, among other matters, the Hong Kong Public Offering becoming unconditional.

Pursuant to the International Offering, the International Underwriters will conditionally place our Shares with institutional and professional investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “bookbuilding” process described in the paragraph headed “Pricing and allocation” in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the

STRUCTURE OF THE GLOBAL OFFERING

Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the 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 our Shareholders as a whole.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company intends to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators at any time from the Listing Date and during the 30-day period from the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 60,000,000 Shares, representing 15% of the initial number of the Offer Shares, at the Offer Price, under the International Offering to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by the 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 minimize and, if possible, prevent a decline in the initial public offer prices of the securities below the Offer Price. In Hong Kong and certain 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, its affiliates or any person acting for it, on behalf of the other Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Huajin Securities (International) Limited has been appointed as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

Any such stabilizing activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilization including the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilizing activity is required to be brought to an end within 30 days from the last day for lodging application under the Hong Kong Public Offering. The number of Shares that may be over allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 60,000,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period to cover such over-allocation by (among other methods) making purchases in the secondary market, selling Shares to liquidate a position held as a result of those purchases, exercising the Over-allotment Option in full or in part, stock borrowing or by any combination of any of the foregoing.

The possible stabilizing action which may be taken by the Stabilizing Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (among other things) (i) purchases of Shares; establishing, hedging and liquidating positions in Shares; (iii) exercising the Over-allotment Option in whole or in part; (iv) stock borrowing; and/or (v) offering or attempting to do any of (i), (ii), (iii) or (iv) above.

STRUCTURE OF THE GLOBAL OFFERING

Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of our Shares, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of any security (including our Shares) cannot be assured to stay at or above its 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, our Shares.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to enter into an agreement with Huaxing, to borrow, whether on its own or through its affiliates, up to 60,000,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares to be borrowed from Huaxing by the Stabilizing Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Huaxing or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;
- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and
- no payment will be made to Huaxing by the Stabilizing Manager (or any person acting for it) in relation to such stock borrowing arrangement.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Global Coordinators (on behalf of the other Underwriters) and us on the Price Determination Date.

We expect that we will, on or around the Price Determination Date, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Offering. The underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting” in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 15, 2020, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, July 15, 2020. Our Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 6968.

HOW TO APPLY FOR THE 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 **HK eIPO White Form** service at www.hkeipo.hk or by the **IPO App**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions, they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or CEO of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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.hkeipo.hk or the **IPO App**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, June 29, 2020 to 12:00 noon on Friday, July 3, 2020 from:

(i) the following office of the Hong Kong Underwriters:

Huajin Securities (International) Limited	Suite 1101, 11/F, Champion Tower 3 Garden Road Central Hong Kong
CRIC Securities Company Limited	Room 2007 & 2403 Great Eagle Centre 23 Harbour Road Wan Chai Hong Kong
CMB International Capital Limited	45/F, Champion Tower 3 Garden Road Central Hong Kong
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Haitong International Securities Company Limited	22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
AMTD Global Markets Limited	23/F-25/F Nexxus Building 41 Connaught Road Central Hong Kong
Emperio Securities And Assets Management Limited	20/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong
First Shanghai Securities Limited	19/F & Room 2505-10 Wing On House 71 Des Voeux Road Central Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Zhongtai International Securities Limited	19/F Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
Soochow Securities International Brokerage Limited	Level 17, Three Pacific Place 1 Queen's Road East Hong Kong
BOCOM International Securities Limited	9/F Man Yee Building 68 Des Voeux Road Central Hong Kong
Yue Xiu Securities Company Limited	1003-1005 Siu On Centre 188 Lockhart Road Wan Chai Hong Kong
Victory Securities Company Limited	Room 1101-3, 11/F. Yardley Commercial Building 3 Connaught Road West Sheung Wan Hong Kong
Bradbury Securities Limited	5106-07, 51/F The Center 99 Queen's Road Central Hong Kong
GLAM Capital Limited	Rooms 908-11, 9/F Nan Fung Tower 88 Connaught Road Central & 173 Des Voeux Road Central Central

- (ii) any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank for the Hong Kong Public Offering:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Prince Edward Road West (Mong Kok) Branch	116-118 Prince Edward Road West, Mong Kok, Kowloon
New Territories	Citywalk Branch	Shop 65 & 67-69, G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020, from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — GANGLONG CHINA PROPERTY 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:

- 9:00 a.m. to 5:00 p.m., Monday, June 29, 2020
- 9:00 a.m. to 5:00 p.m., Tuesday, June 30, 2020
- 9:00 a.m. to 5:00 p.m., Thursday, July 2, 2020
- 9:00 a.m. to 12:00 noon, Friday, July 3, 2020

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in the paragraph headed "How to Apply for the Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their 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;
- agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- 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;
- 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;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, 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);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, 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;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (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 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;
- (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-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** 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 THE HONG KONG OFFER SHARES

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply”, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk or the **IPO App**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website at www.hkeipo.hk or the **IPO App**. 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 **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk or the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, June 29, 2020 until 11:30 a.m. on Friday, July 3, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, July 3, 2020 or such later time under the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different 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 **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service 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 Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a WHITE Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the WHITE Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if 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 Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted 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;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- 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 Joint Global Coordinators, 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 Joint Global Coordinators, 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.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and 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 Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- 9:00 a.m. to 8:30 p.m., Monday, June 29, 2020
- 8:00 a.m. to 8:30 p.m., Tuesday, June 30, 2020
- 8:00 a.m. to 8:30 p.m., Thursday, July 2, 2020
- 8:00 a.m. to 12:00 noon, Friday, July 3, 2020

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form service** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS 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 Friday, July 3, 2020.

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.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

All your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk or the **IPO App**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the 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” in this prospectus.

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;
- a “black” rainstorm warning, and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, July 3, 2020 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, July 14, 2020 on our Company's website at www.glchina.group 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.glchina.group and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Tuesday, July 14, 2020;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result (alternatively www.hkeipo.hk/IPOresult) or from the "Allotment Result" function in the **IPO App** with a "search by ID/Business Registration Number" function on a 24-hour basis from 8:00 a.m. on Tuesday, July 14, 2020, to 12:00 midnight on Monday, July 20, 2020;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, July 14, 2020 to Friday, July 17, 2020 (on a Business Day);
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, July 14, 2020, to Thursday, July 16, 2020 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

- (i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% 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 of HK\$4.10 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Any refund of your application monies will be made on Tuesday, July 14, 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** 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 cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheque and share certificates are expected to be posted on or before Tuesday, July 14, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, July 14, 2020 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, July 14, 2020 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, July 14, 2020, 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 Tuesday, July 14, 2020, 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 Tuesday, July 14, 2020 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 HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, July 14, 2020, or such other date as announced by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, July 14, 2020 by ordinary post at your own risk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(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 Tuesday, July 14, 2020, 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 Tuesday, July 14, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 14, 2020 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, July 14, 2020. 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 Tuesday, July 14, 2020.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares 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 the Shares to be admitted into CCASS.

The following is the text of a report set out on I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GANGLONG CHINA PROPERTY GROUP LIMITED AND WAG WORLDSEC CORPORATE FINANCE LIMITED

Introduction

We report on the historical financial information of Ganglong China Property Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-77, which comprises the consolidated statements of financial position as of December 31, 2017, 2018 and 2019, the statements of financial position of the Company as of December 31, 2018 and 2019, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 29, 2020 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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, *Accountant's 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 accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as of December 31, 2018 and 2019 and the consolidated financial position of the Group as of December 31, 2017, 2018 and 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
June 29, 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**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 comprehensive income

	Note	Year ended December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	5	433,931	1,659,593	1,978,034
Cost of sales	7	(338,928)	(1,148,938)	(1,133,507)
Gross profit		95,003	510,655	844,527
Other income	6	27,367	69,172	77,245
Selling and marketing expenses	7	(18,252)	(60,965)	(212,441)
General and administrative expenses	7	(29,868)	(90,072)	(250,454)
Fair value gains on investment properties	14	19,500	6,700	15,600
Operating profit		93,750	435,490	474,477
Finance income	10	1,487	2,542	8,607
Finance costs	10	(5,804)	(37,174)	(78,623)
Finance costs, net		(4,317)	(34,632)	(70,016)
Share of results of joint ventures and associates	15	(16,750)	80,093	359,427
Profit before income tax		72,683	480,951	763,888
Income tax expenses	11	(39,852)	(148,993)	(293,824)
Profit and total comprehensive income for the years		32,831	331,958	470,064
Attributable to:				
Owners of the Company		31,356	354,831	668,041
Non-controlling interests		1,475	(22,873)	(197,977)
		32,831	331,958	470,064
Earnings per share for profit attributable to owners of the Company				
Basic and diluted per share (expressed in RMB per share)	23	31,356	354,831	668,041

Consolidated statements of financial position

	Note	As of December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	6,899	21,355	36,004
Investment properties	14	148,500	155,200	170,800
Investments accounted for using the equity method ...	15	209,811	714,005	1,103,432
Deferred income tax assets	16	26,776	19,358	151,192
		<u>391,986</u>	<u>909,918</u>	<u>1,461,428</u>
Current assets				
Properties under development	17	2,170,671	5,433,641	16,052,548
Completed properties held for sale	17	63,722	40,725	732,904
Trade and other receivables and prepayments	18	1,353,737	1,096,616	1,252,942
Amounts due from associates	30	268,550	319,636	124,709
Amounts due from joint ventures	30	759,806	569,664	350,268
Amount due from a Controlling Shareholder	30	3	500	—
Amounts due from non-controlling interests	31	6,600	102,043	198,443
Tax recoverable		54,730	126,028	206,629
Restricted cash	19	30,264	219,233	1,414,744
Pledged time deposits	19	—	—	45,920
Cash and cash equivalents	19	166,204	622,753	1,052,217
		<u>4,874,287</u>	<u>8,530,839</u>	<u>21,431,324</u>
Total assets		<u>5,266,273</u>	<u>9,440,757</u>	<u>22,892,752</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	22	—	—	—
Reserves	22	318,271	575,490	1,243,531
		<u>318,271</u>	<u>575,490</u>	<u>1,243,531</u>
Non-controlling interests		<u>3,112</u>	<u>125,683</u>	<u>409,823</u>
Total equity		<u>321,383</u>	<u>701,173</u>	<u>1,653,354</u>
LIABILITIES				
Non-current liabilities				
Borrowings	21	135,300	551,800	1,709,099
Lease liabilities	29	279	3,502	3,782
Deferred income tax liabilities	16	39,075	60,791	94,699
		<u>174,654</u>	<u>616,093</u>	<u>1,807,580</u>
Current liabilities				
Trade payables, bills payables and other payables	20	1,138,423	1,523,305	2,463,085
Lease liabilities	29	672	5,313	8,188
Contract liabilities	5	2,526,642	3,653,783	8,416,172
Amounts due to associates	30	592,355	822,213	1,497,735
Amounts due to joint ventures	30	212,536	509,177	869,944
Amounts due to Controlling Shareholders	30	65,150	9,981	23,539
Amounts due to related parties	30	21,824	11,119	—
Amounts due to non-controlling interests	31	—	1,221,665	4,682,599
Tax payable		30,411	62,635	326,356
Borrowings	21	182,223	304,300	1,144,200
		<u>4,770,236</u>	<u>8,123,491</u>	<u>19,431,818</u>
Total liabilities		<u>4,944,890</u>	<u>8,739,584</u>	<u>21,239,398</u>
Total equity and liabilities		<u>5,266,273</u>	<u>9,440,757</u>	<u>22,892,752</u>

Statements of financial position of the Company

	Note	As of December 31,	
		2018	2019
		RMB'000	RMB'000
ASSETS			
Non-current asset			
Investment in subsidiaries	32, 22	656,864	656,864
Current asset			
Prepayments		3,497	6,696
Total assets		<u>660,361</u>	<u>663,560</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	—	—
Reserves	22	646,146	635,711
Total equity		<u>646,146</u>	<u>635,711</u>
LIABILITIES			
Current liabilities			
Other payables		6,288	4,883
Amount due to subsidiaries		859	3,496
Amount due to a Controlling Shareholder		7,068	19,470
Total liabilities		<u>14,215</u>	<u>27,849</u>
Total equity and liabilities		<u>660,361</u>	<u>663,560</u>

Consolidated statements of changes in equity

	Attributable to owners of the Company				Sub-total	Non-controlling interests	Total
	Share capital	Statutory reserve (Note 22)	Other reserves (Note 22)	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017 ...	—	7,453	321,666	(34,998)	294,121	1,637	295,758
Profit and total comprehensive income for the year	—	—	—	31,356	31,356	1,475	32,831
Transactions with owners:							
Dividends paid (Note 12)	—	—	—	(6,667)	(6,667)	—	(6,667)
Capital reduction by then shareholders of Jiangsu Ganglong Mingyang Property Co., Ltd (Note 32(xii))	—	—	(44,022)	—	(44,022)	—	(44,022)
Capital injection from then shareholders to Jiangsu Ganglong Huayang Property Co., Ltd (Note 32(xiii))	—	—	43,483	—	43,483	—	43,483
Appropriation to statutory reserves	—	15,392	—	(15,392)	—	—	—
	—	15,392	(539)	(22,059)	(7,206)	—	(7,206)
Balance at December 31, 2017	—	22,845	321,127	(25,701)	318,271	3,112	321,383

	Attributable to owners of the Company						
	Share capital	Statutory reserve (Note 22)	Other reserves (Note 22)	(Accumulated	Sub-total	Non-controlling interests	Total
				losses)/ retained earnings			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at January 1, 2018 ...	—	22,845	321,127	(25,701)	318,271	3,112	321,383
Profit and total comprehensive income for the year	—	—	—	354,831	354,831	(22,873)	331,958
Transactions with owners:							
Dividend paid (Note 12)	—	—	—	(92,000)	(92,000)	(2,000)	(94,000)
Acquisition of additional interests in Yancheng Ganglong Real Estate Co., Ltd (“Yancheng Ganglong”) (Note 26)	—	—	(5,612)	—	(5,612)	(2,095)	(7,707)
Acquisition of Luoyang Ganglong Property Co., Ltd. (Note 33 (a))	—	—	—	—	—	151	151
Acquisition of Shanghai Chongming Yushang Real Estate Development Co., Ltd (Note 33(b))	—	—	—	—	—	4,990	4,990
Capital injection from non-controlling interests (Note 32(xiv))	—	—	—	—	—	144,398	144,398
Appropriation to statutory reserves	—	43,302	—	(43,302)	—	—	—
	—	43,302	(5,612)	(135,302)	(97,612)	145,444	47,832
Balance at December 31, 2018	—	66,147	315,515	193,828	575,490	125,683	701,173

	Attributable to owners of the Company						
	Share capital	Statutory reserve (Note 22)	Other reserves (Note 22)	Retained	Sub-total	Non-controlling interests	Total
				earnings			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at January 1, 2019 ...	—	66,147	315,515	193,828	575,490	125,683	701,173
Profit and total comprehensive income for the year	—	—	—	668,041	668,041	(197,977)	470,064
Transactions with owners:							
Capital injection from non-controlling interests (Note 32(xiv))	—	—	—	—	—	482,117	482,117
Appropriation to statutory reserve	—	69,974	—	(69,974)	—	—	—
	—	69,974	—	(69,974)	—	482,117	482,117
Balance at December 31, 2019	—	136,121	315,515	791,895	1,243,531	409,823	1,653,354

Consolidated statements of cash flows

	Note	Year ended December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from/(used in) operations	25(a)	118,203	(467,394)	(6,547,423)
Income tax paid		(42,319)	(158,933)	(208,608)
Net cash generated from/(used in) operating activities		75,884	(626,327)	(6,756,031)
Cash flows from investing activities				
Payments for purchase of property, plant and equipment		(1,525)	(5,793)	(17,980)
Proceeds from disposals of property, plant and equipment	25(b)	153	92	882
Net cash paid for acquisition of subsidiaries	32	–	(196,746)	–
Investment in associates	15	–	(192,101)	(30,000)
Investment in joint ventures	15	(157,771)	(232,000)	–
Advances to Controlling Shareholders		(4,023,159)	(6,006,590)	(112,000)
Repayment of advances to Controlling Shareholders		3,998,827	5,954,382	112,500
Advances to associates		(268,137)	(937,535)	(328,074)
Repayment of advances to associates		198,369	892,552	534,975
Advances to joint ventures		(1,262,939)	(1,659,802)	(796,800)
Repayment of advances to joint ventures		509,367	1,861,615	1,016,196
Advances to non-controlling interests		(6,600)	(357,639)	(409,966)
Repayment of advances to non-controlling interests		–	262,196	314,535
Advances to third parties		(303,700)	(355,745)	(15,975)
Repayment of advances to third parties		–	445,750	214,545
Interest received		8,432	2,542	8,607
Net cash (used in)/generated from investing activities		(1,308,683)	(524,822)	491,445
Cash flows from financing activities				
Advances from associates		900,261	522,652	837,442
Repayment of advances from associates		(396,906)	(292,794)	(161,920)
Advances from joint ventures		530,694	894,688	830,947
Repayment of advances from joint ventures		(318,158)	(598,047)	(470,180)
Advances from Controlling Shareholders		160,570	116,781	353,442
Repayment of advances from Controlling Shareholders		(144,750)	(122,920)	(339,884)
Advances from related parties		5,389	33,056	79,079
Repayment of advances from related parties		(2,635)	(34,193)	(90,198)
Advances from non-controlling interest		–	2,397,679	7,771,199
Repayment of advances from non-controlling interest		–	(1,176,014)	(4,318,482)
Advances from third parties		80,000	–	14,500
Repayment of advances from third parties		(5,000)	(423,799)	(94,978)
Proceeds from borrowings		305,000	480,800	2,831,549
Repayment of borrowings		(37,900)	(182,223)	(834,350)
Repayment of principal portion of lease liabilities	29(c)	(1,993)	(6,314)	(6,495)
Repayment of interest portion of lease liabilities	29(c)	(123)	(156)	(813)
Payments for listing expenses		–	(1,953)	(3,135)
Payments for acquisition of non-controlling interests	26	–	(7,707)	–
Capital injection from non-controlling interests	32	–	144,398	482,117
Capital reduction by then shareholders of Jiangsu Ganglong Mingyang Property Co., Ltd	32	(44,022)	–	–
Capital injection from then shareholders to Jiangsu Ganglong Huayang Property Co., Ltd	32	43,483	–	–
Dividend paid to the then equity holders		(6,667)	(94,000)	–
Interest paid		(11,735)	(42,236)	(185,790)
Net cash generated from financing activities		1,055,508	1,607,698	6,694,050
Net (decrease)/increase in cash and cash equivalents		(177,291)	456,549	429,464
Cash and cash equivalents at the beginning of years		343,495	166,204	622,753
Cash and cash equivalents at the end of years	19	166,204	622,753	1,052,217

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on October 8, 2018 as an exempted company with limited liability under the Companies Law, Cap. 22(Law 3 of 1961, as consolidated and revised) of Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development of real estate projects in the People's Republic of China (the "**PRC**") (the "**Listing Business**").

The ultimate controlling shareholders are Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling and Mr. Lui Wing Mau (together, the "**Controlling Shareholders**") throughout the Track Record Period. On November 29, 2018, the Controlling shareholders have entered into a deed to confirm and signify that they have been acting in concert in respect of the Company, Jiangsu Ganglong Realty Group Co., Ltd ("**Ganglong PRC**"), Jiangsu Ganglong Mingyang Property Co., Ltd ("**Ganglong Mingyang**") and Jiangsu Gang Long Huayang Property Co., Ltd ("**Ganglong Huayang**") (together, the "**Operating Companies**") and their subsidiaries throughout the Track Record Period. Mr. Lui Man Wai passed away in January, 2020. His interest in the Company is held through Huaxing, which is directly owned by Mr. Lui Wing Wai and Mr. Lui Man Wai as to 60% and 40% respectively. The said 40% shareholding in Huaxing, being part of the estate of Mr. Lui Man Wai, shall be inherited by his parents, namely Mr. Lui Wing Wai and Ms. Chan Mei Kum, on equal basis according to the Intestates' Estates Ordinance. Up to the date of this report, the relevant procedures for obtaining the letters of administration of Mr. Lui Man Wai's estate are in progress. Ms. Chan Mei Kum further confirmed that she renounces all of her interest in Huaxing, which, upon succession of the administration estate, will be entirely owned by Mr. Lui Wing Wai. The deed of acting in concert shall continue to bind the Controlling Shareholders.

1.2 Reorganization

In preparation for the initial public offering and listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization (the "**Reorganization**") of the corporate structure of the companies now comprising the Group. The steps of the Reorganization mainly involved the following:

- (i) On September 27, 2018, Huaxing Development Co., Ltd. ("**Huaxing**") was incorporated under the laws of the British Virgin Islands ("**BVI**") authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Huaxing were allotted and issued, credited as fully paid, to Mr. Lui Wing Wai and Mr. Lui Man Wai, respectively. Upon the allotment, the equity interest of Huaxing is owned by Mr. Lui Wing Wai and Mr. Lui Man Wai, respectively.
- (ii) On September 27, 2018, Hualian Development Co., Ltd. ("**Hualian**") was incorporated under the laws of the BVI authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Hualian were allotted and issued, credited as fully paid, to Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy, respectively. Upon the allotment, the equity interest of Hualian is owned by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy, respectively.

- (iii) On September 27, 2018, Hualong Development Co., Ltd. (“**Hualong**”) was incorporated under the laws of the BVI authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 60 shares and 40 shares of Hualong were allotted and issued, credited as fully paid, to Mr. Lui Jin Ling and Mr. Lui Wing Mau, respectively. Upon the allotment, the equity interest of Hualong is owned by Mr. Lui Jin Ling and Mr. Lui Wing Mau, respectively.
- (iv) On October 8, 2018, the Company was incorporated under the laws of the Cayman Islands with an authorized share capital of HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each. 1 share was allotted and issued, credited as fully paid, to the initial subscriber, which was subsequently transferred to Huaxing. On the same day, 419 shares, 330 shares and 250 shares of the Company were issued and allotted, credited as fully paid, to Huaxing, Hualian and Hualong, respectively. Upon the share transfer and allotment, the equity interest of the Company is owned as to 42%, 33% and 25% by Huaxing, Hualian and Hualong, respectively.
- (v) On October 9, 2018, Huayang Development Co., Ltd. (“**Huayang**”) was incorporated in the BVI authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, 1 share was allotted and issued to the Company. Upon the allotment, the equity interest of Huayang is wholly-owned by the Company.
- (vi) On October 19, 2018, Ganglong Development Group Limited (“**Ganglong Hong Kong**”) was incorporated in Hong Kong. On the same day, 1 share of Ganglong Hong Kong were allotted and issued to Huayang. Upon the allotment, the equity interest of Ganglong Hong Kong is wholly-owned by Huayang.
- (vii) On November 8, 2018, the Controlling Shareholders entered into an equity interest transfer agreement with Ganglong PRC in relation to the transfer of their equity interest in Ganglong PRC to Ganglong Hong Kong for total consideration of US\$21,000,000.
- On November 29, 2018, the above parties entered into a consideration settlement agreement, pursuant to which, the parties agree that the relevant consideration be settled by Ganglong Hong Kong allotting and issuing 3 ordinary shares of Ganglong Hong Kong to Huayang.
- (viii) On November 8, 2018, the Controlling Shareholders entered into an equity interest transfer agreement with Ganglong Mingyang in relation to the transfer of their equity interest of 66.7% in Ganglong Mingyang to Ganglong Hong Kong for total consideration of US\$3,333,000. The remaining 33.33% equity interest in Ganglong Mingyang was held by Ganglong PRC throughout the Track Record Period.
- On November 29, 2018, the above parties entered into a consideration settlement agreement, pursuant to which, the parties agree that the relevant consideration be settled by Ganglong Hong Kong allotting and issuing 3 ordinary shares of Ganglong Hong Kong to Huayang.
- (ix) On November 8, 2018, the Controlling Shareholders entered into an equity interest transfer agreement with Ganglong Huayang in relation to the transfer of their equity interest in Ganglong Huayang to Ganglong Hong Kong for total consideration of US\$16,000,000.
- On November 29, 2018, the above parties entered into a consideration settlement agreement, pursuant to which, the parties agree that the relevant consideration be settled by Ganglong Hong Kong allotting and issuing 3 ordinary shares of Ganglong Hong Kong to Huayang.

Upon completion of the Reorganization, the Company became the holding company of the companies comprising the Group. For details of the Group's subsidiaries, please refer to Note 32.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business was mainly conducted through the Operating Companies and their subsidiaries and is ultimately controlled by the Controlling Shareholders. Pursuant to the Reorganization, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and does not meet the definition of a business. The Reorganization is merely a reorganization of the Listing Business with no change in management and the ultimate owners of the Listing Business remained the same. Accordingly, the Historical Financial Information of the Group is presented using the carrying values of the Listing Business for all period presented. Inter-company transactions, balances and unrealized gains/losses on transactions between the companies are eliminated by consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Historical Financial Information has been prepared under the historical cost convention, except as modified by investment properties which are measured at fair value.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management of the Group to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

In preparing the Historical Financial Information, the Group has consistently adopted all standards and amendments that were effective for accounting periods beginning on or before January 1, 2019, which include HKFRS 9 “Financial Instruments” (“**HKFRS 9**”), HKFRS 15 “Revenue from contracts with customers” (“**HKFRS 15**”) and HKFRS 16 “Leases” (“**HKFRS 16**”), and the Group has early adopted Amendments to HKFRS 3 “Definition of a Business” (“**Amendments to HKFRS 3**”), to the Group’s consolidated financial statements throughout the Track Record Period.

2.1.1 Standards, amendments to standards and interpretation which are not yet effective

The following new standards and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8 Conceptual Framework for Financial Reporting 2018	Definition of Material Revised Conceptual Framework for Financial Reporting	January 1, 2020 January 1, 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform	January 1, 2020
HKFRS 17	Insurance Contracts	January 1, 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards, amendments and interpretation to existing HKFRSs.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights, except for joint arrangements as detailed in (c) below. Investments in associates are accounted for using the equity method of accounting (see(d) below), after initially being recognized at cost.

(c) Joint arrangements

Under HKFRS 11 "*Joint Arrangements*" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method(see(d) below), after initially being recognized at cost in the consolidated statements of financial position.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in consolidated statements of comprehensive income, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associated companies and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

(e) Structured entities

For structured entities, the Group assesses whether they should be consolidated based on the contractual terms as to whether the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Third-party beneficiaries' interests in the consolidated structured entities with a limited life and are classified as liabilities in the Group's consolidated balance sheets, and net profits or losses attributable to third-party beneficiaries are recorded in consolidated profit or loss as "finance costs".

(f) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in consolidated statements of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

Except for the Reorganization, the acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in consolidated statements of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in consolidated statements of comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in consolidated statements of comprehensive income.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operations decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company ("**Executive Directors**") who make strategic decisions.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the consolidated financial statements 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**"). This Historical Financial Information is presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to consolidated statements of comprehensive income, as part of the gain or loss on sale.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the Track Record Period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of 5 years or the lease terms
Computer and office equipment	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of comprehensive income.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of-use assets include the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

If the lease transfers ownership of the underlying assets to the Group by the end of the lease term or if the cost of the right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date of the lease to the end of the useful life of the underlying assets. Otherwise, right-of-use assets are depreciated over the shorter of the assets' useful lives and their lease terms on a straight-line basis.

2.8 Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, included related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in consolidated statements of comprehensive income as part of a valuation gain or loss.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial instruments

2.10.1 Classification

The Group classifies its financial assets as those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

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 cost of financial assets carried at fair value through profit or loss are expensed in the consolidated statements of comprehensive income.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Impairment of financial assets

The Group's financial assets measured at amortized cost are subject to HKFRS 9's new expected credit loss model. The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) set out the details how the Group determines whether there has been a significant increase in credit risk.

For all trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually between 2 to 3 years.

2.14 Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realizable value. Cost comprises development costs 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 variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.16 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognizes the incremental costs of obtaining a contract with a customer within prepayments if the Group expects to recover these costs.

2.17 Cash and cash equivalents, restricted cash and pledged time deposits

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in “restricted cash” of the consolidated statements of financial position. Time deposits pledged for notes payables of the Group are included in “pledged time deposit” of the consolidated statements of financial position. Restricted cash and pledged time deposit are excluded from cash and cash equivalents.

2.18 Share capital

Ordinary shares are classified as equity. Increment cost directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statements over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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 eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdictions where the Company and its subsidiaries and associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The deferred tax liability in relation to investment property that is measured at fair value is determined on the basis that the property will be recovered entirely through use.

2.22 Employee benefits

(i) Pension obligations

The group companies incorporated in PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contribution to these defined contribution plans are expenses as incurred.

(ii) Housing benefits, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables for the sales of properties in the PRC in the ordinary course of the Group's activities. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) *Sales of properties*

Revenue is recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred 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 purchaser; or
- Creates and enhances an asset that the purchaser controls as the Group performs;
- 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.

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 purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

If control of the asset transfer over time, revenue is recognized over the period of the contract 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.

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 the 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 a financing component if it is significant.

2.25 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.26 Leases

The Group leases various properties to operate as its office premises. Property leases are typically made for fixed periods of one to three years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statements of financial position based on their nature.

2.27 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- The amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantee is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate. Dividend distribution to the then shareholders of the group companies during the period before the Reorganization was completed is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the directors of the respective group companies.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC with most of the transactions denominated in RMB. The exposure to foreign exchange risk is not material to the Group.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As of December 31, 2017, 2018 and 2019, bank and other borrowings of the Group which were bearing interest at floating rates amounted to approximately RMB120,000,000, RMB153,000,000 and RMB2,133,199,000 respectively. If interest rates on borrowings at floating rates had been 50 basis point higher or lower with all other variables held constant and without taking into account interest capitalization, interest charges for the years ended December 31, 2017, 2018 and 2019 would increase/decrease RMB600,000, RMB765,000 and RMB10,666,000, respectively.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged time deposits, cash and cash equivalents, restricted cash, amount due from a Controlling Shareholder, amounts due from associates and joint ventures and amounts due from related parties included in the consolidated statements of financial position, which represent the Group's maximum exposure to credit risk in relation to its financial assets. Management has credit policies in place to monitor the exposures to these credit risks on an ongoing basis.

As of December 31, 2017, 2018 and 2019, in order to manage this risk, the Group's bank deposits are mainly deposited with reputable banks which are all high-credit-quality financial institutions incorporated in the PRC.

For the trade receivables arising from sales of properties, the Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 27. If a purchase defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is mitigated.

For other receivables and amounts due from associates, joint ventures and related parties, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counterparties is low. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of these receivables.

The Group categories trade or other receivables as default when a debtor fails to make contractual payments. Where a debtor fails to make contractual payments, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Trade and other receivables are written off where there is no reasonable expectation of recovery.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties.

The Group overall considers the shared credit risk characteristic and the days past due of the trade receivables to measure the expected credit loss. Based on management assessment, the expected credit losses of the financial assets mentioned above are close to zero. The loss allowance provision for these balances was not material during the Track Record Period.

For other receivables and amounts due from associates, joint ventures and related parties, the measurement of the expected credit losses has been grouped based on shared credit risk characteristics and the days past due. All of these financial assets are considered to have low credit risk and thus the impairment provision recognised was based on 12 months expected losses. Management considered other receivables from third parties, amounts due from associates, joint ventures and related parties to be low credit risk as they have a low risk of default and the issuer has a strong capacity to its considered contractual cash flow obligation in the near term and the loss allowance provision for these balances was not material during the Track Record Period.

(c) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows expect for the maximum exposure of financial guarantee, the management of which is disclosed in Note 27.

	On demand	Less than 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2017						
Borrowings (including interest payables)	–	195,337	71,147	102,153	7,391	376,028
Trade and other payables, excluding payroll payable and other taxes payable	–	1,046,450	–	–	–	1,046,450
Amounts due to associates	592,355	–	–	–	–	592,355
Amounts due to joint ventures	212,536	–	–	–	–	212,536
Amount due to Controlling Shareholders	65,150	–	–	–	–	65,150
Amounts due to related parties	21,824	–	–	–	–	21,824
Lease liabilities (including interest payables)	–	716	154	154	–	1,024
Financial guarantee	1,115,672	–	–	–	–	1,115,672
	<u>2,007,537</u>	<u>1,242,503</u>	<u>71,301</u>	<u>102,307</u>	<u>7,391</u>	<u>3,431,039</u>
At December 31, 2018						
Borrowings (including interest payables)	–	338,728	570,681	11,184	3,689	924,282
Trade and other payables, excluding payroll payable and other taxes payable	–	1,381,545	–	–	–	1,381,545
Amounts due to associates	822,213	–	–	–	–	822,213
Amounts due to joint ventures	509,177	–	–	–	–	509,177
Amount due to Controlling Shareholders	9,981	–	–	–	–	9,981
Amounts due to related parties	11,119	–	–	–	–	11,119
Amounts due to non-controlling interests	1,221,665	–	–	–	–	1,221,665
Lease liabilities (including interest payables)	–	5,845	3,853	–	–	9,698
Financial guarantee	2,855,431	–	–	–	–	2,855,431
	<u>5,429,586</u>	<u>1,726,118</u>	<u>574,534</u>	<u>11,184</u>	<u>3,689</u>	<u>7,745,111</u>
At December 31, 2019						
Borrowings (including interest payables)	–	1,314,410	1,847,044	210,662	–	3,372,116
Trade payables, bills payables and other payables, excluding payroll payable and other taxes payable ..	–	2,322,102	–	–	–	2,322,102
Amounts due to associates	1,497,735	–	–	–	–	1,497,735
Amounts due to joint ventures	869,944	–	–	–	–	869,944
Amount due to Controlling Shareholders	23,539	–	–	–	–	23,539
Amounts due to non-controlling interests	4,682,599	–	–	–	–	4,682,599
Lease liabilities (including interest payables)	–	8,916	3,903	–	–	12,819
Financial guarantee	4,199,449	–	–	–	–	4,199,449
	<u>11,273,266</u>	<u>3,645,428</u>	<u>1,850,947</u>	<u>210,662</u>	<u>–</u>	<u>16,980,303</u>

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Except for the compliance of certain financial covenants (Note 21) for maintaining the Group's banking facilities and borrowings, the Group is not subject to any externally imposed capital requirements. The management monitors capital on the basis of the gearing ratio of the Group. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, amounts due to third parties, amounts due to associates and joint ventures, amounts due to non-controlling interests and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statements of financial position plus net debt.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Borrowings (Note 21)	317,523	856,100	2,853,299
Amounts due to third parties (Note 20).....	80,000	228,507	139,812
Amounts due to associates (Note 30)	592,355	822,213	1,497,735
Amounts due to joint ventures (Note 30)	212,536	509,177	869,944
Amounts due to non-controlling interests (Note 31)	–	1,221,665	4,682,599
Lease liabilities (Note 29)	951	8,815	11,970
Total borrowings	1,203,365	3,646,477	10,055,359
Less: Cash and cash equivalents (Note 19)	(166,204)	(622,753)	(1,052,217)
Net borrowings	1,037,161	3,023,724	9,003,142
Total equity	321,383	701,173	1,653,354
Total capital	1,358,544	3,724,897	10,656,496
Gearing ratio	76.3%	81.2%	84.5%

3.3 Fair value estimation

Investment properties of the Group were measured at fair value.

(a) Fair value hierarchy

This note explains the judgments and estimates made in determining the fair values of investment properties that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards.

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

There were no transfers among level 1, 2 and 3 recurring fair value measurements during the Track Record Period.

(b) Valuation techniques used to determine level 3 fair values

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's investment properties are derived using the income capitalization approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been the capitalized to determine the fair value at an appropriation capitalization rate.

All resulting fair values estimates for investment properties are included in level 3.

(c) Fair value measurement using significant unobservable inputs (level 3)

Detailed disclosures of the changes in level 3 items for the years ended December 31, 2017, 2018 and 2019 for recurring fair value measurements are disclosed below.

(d) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (b) above for the valuation techniques adopted.

		Fair value at December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Investment properties		148,500	155,200	170,800

		Range of unobservable inputs		
		As of December 31,		
Properties	Unobservable inputs	2017	2018	2019
Investment properties	Capitalization rate	5.0%-5.5%	5.0%-5.5%	4.8%-5.3%
	Monthly rental (RMB/sq.m./Month)	67.8-83.3	64.9-95.0	71.1-101.3

Relationship of unobservable inputs to fair value:

- The higher capitalization rate, the lower the fair value;
- The higher monthly rental, the higher the fair value.

(e) Valuation processes of the Group

The Group's investment properties were valued at December 31, 2017, 2018 and 2019 by independent professionally qualified valuer, who holds a recognized relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once in each reporting periods.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

(f) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in Note 28(b).

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 5 years.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the consolidated financial statements within the next financial year are addressed below.

(a) Revenue recognition on properties sold

Judgment on recognition method

The Group recognizes revenue from sales of properties 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. Whether there is an enforceable right to payment depends on the terms of sales contract (by written or verbal) and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments interpretation.

Judgment on recognition point

Management has also made judgment on when control of properties are transferred to customers. Control of properties are transferred to customer upon which the construction of relevant properties has been completed and upon which the properties has been handovered to the customers, the Group has present right to payment and the collection of the consideration is probable, usually all considerations received before handover of the properties to customers.

The judgment on the right to payment associated with the property sales transaction and the transfer of control of properties would affect the Group's profit for the Track Record Period and the carrying value of completed properties held for sale.

(b) Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgments through the analysis of various factors, including the Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments on the consolidated statements of financial position.

Accordingly, any changes in classification as a result of recognition or derecognition of material investments could have a material and pervasive impact on the consolidated financial statements.

(c) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group's land appreciation taxes calculation and payments are subject to finalization with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. The Group recognizes these land appreciation taxes based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalized with local tax authorities.

(d) Income tax and deferred income tax

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognizes tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(e) Provision for impairment of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realizable value based on the realizability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realized. The assessment requires the use of judgment and estimates.

(f) 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 balance sheet dates. 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 the available data from binding sales 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.

(g) Impairment assessment of financial assets

The loss allowance for financial assets are based on assumption about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b) to the Historical Financial Information.

(h) Fair value of investment properties

Investment properties including those investment properties, are carried at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent professional property valuer using property valuation techniques which involve certain assumptions of prevailing market conditions.

5 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Executive Directors has been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard these to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the years ended December 31, 2017, 2018 and 2019, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from contracts with customers recognized during the Track Record Period are sales of properties in the PRC, all of which recognized at a point in time.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the Historical Financial Information.

(a) Details of contract liabilities

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Contract liabilities related to sales of properties (Note)	2,526,642	3,653,783	8,416,172

Note: As of December 31, 2017, 2018 and 2019, contract liabilities represent advanced payments received from customers for properties that have not yet been transferred to the customers. Increased in contract liabilities during the years ended December 31, 2017, 2018 and 2019 represents increase in advanced payments received from customers.

(b) Revenue recognized in relation to contract liabilities

The following table shows the revenue recognized during the Track Record Period related to carried-forward contract liabilities.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the years			
Sales of properties	403,612	1,596,549	1,801,658

(c) Unsatisfied contracts related to sales of properties

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Sales of properties			
Expected to be recognized			
– Within one year	1,659,593	1,978,034	4,162,306
– After one year	1,283,347	2,024,328	7,456,336
	<u>2,942,940</u>	<u>4,002,362</u>	<u>11,618,642</u>

(d) Assets recognized from costs to fulfill a contract

In addition to the contract balances disclosed above, the Group has also recognized sales commission as an asset in relation to costs to fulfill the contracts with customers. This is presented within trade and other receivables and prepayments in the consolidated statements of financial position.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Sales commission recognized from costs incurred to fulfill a contract (Note 18)	10,027	9,444	16,606

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Sales commission recognized as cost of sales of properties during the years (Note 7)	<u>966</u>	<u>6,200</u>	<u>3,435</u>

(e) Unsatisfied contracts related to the costs to fulfill a contract

	As at December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Sales commission			
Expected to be utilized			
– Within one year	6,200	3,435	12,853
– After one year	<u>3,827</u>	<u>6,009</u>	<u>3,753</u>
	<u>10,027</u>	<u>9,444</u>	<u>16,606</u>

6 OTHER INCOME

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Management and consulting service income (Note (a))	–	14,958	46,974
Rental income	931	1,781	5,078
Interest income from associates, joint ventures and other third parties	26,238	51,199	23,382
Gains on disposal of property, plant and equipment	75	92	323
Others	<u>123</u>	<u>1,142</u>	<u>1,488</u>
	<u>27,367</u>	<u>69,172</u>	<u>77,245</u>

Notes:

- (a) The amounts represent the management and consulting services provided to the Group's joint ventures and associates in relation to the property development projects (Note 30(b)).

7 EXPENSES BY NATURE

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cost of inventories sold – including construction cost, land costs and capitalized interest expenses	318,741	1,139,402	1,114,726
Business taxes and other taxes surcharges	20,187	9,536	18,781
Employee benefit expenses (Note 8)	21,642	69,092	208,145
Management and consulting services fee (Note (a))	–	–	35,098
Donation	100	138	2,674
Advertising and promotion expenses	7,919	18,088	90,215
Office expenses	3,157	11,466	38,511
Depreciation on property, plant and equipment and right-of-use assets (Note 13)	3,470	5,622	12,400
Entertainment expenses	3,184	8,293	21,320
Recruitment fee	90	1,986	2,308
Motor vehicle expenses	157	810	1,410
Auditors' remuneration	119	273	1,233
Guarantee fee	–	4,105	10,826
Legal and professional service fees	1,293	4,492	7,019
Listing expenses	–	10,718	10,103
Travelling and transportation expenses	1,750	4,716	8,797
Sales commission	966	6,200	3,435
Others	4,273	5,038	9,401
Total cost of sales, selling and marketing expenses and general and administrative expenses	<u>387,048</u>	<u>1,299,975</u>	<u>1,596,402</u>

Note:

(a) The amounts represent the fees paid to certain non-controlling interest shareholders and third parties in relation to the management and consulting services provided by them for the property development projects.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and other benefits	17,663	60,448	186,358
Pension costs – defined contribution plans	3,979	8,644	21,787
	<u>21,642</u>	<u>69,092</u>	<u>208,145</u>

The Group recognizes employee benefit expenses in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Selling and marketing expenses	8,409	28,143	81,625
General and administrative expenses	13,233	40,949	126,520
	<u>21,642</u>	<u>69,092</u>	<u>208,145</u>

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors of the Company for the years ended December 31, 2017, 2018 and 2019 are set out below:

Name of directors	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Group	Total
						RMB'000	
For the year ended December 31, 2017							
Executive Directors							
Mr. Lui Wing Wai (Chairman and CEO)	–	241	54	–	–	–	295
Mr. Lui Chi Chung Jimmy . . .	–	256	36	–	9	–	301
Mr. Lui Jin Ling	–	241	54	–	–	–	295
Mr. Lui Man Wai (Note (v)) . . .	–	220	54	–	–	–	274
	–	<u>958</u>	<u>198</u>	–	<u>9</u>	–	<u>1,165</u>
Non-executive Directors							
Mr. Lui Wing Nam	–	169	54	–	–	–	223
Mr. Lui Wing Mau	–	169	54	–	–	–	223
	–	<u>338</u>	<u>108</u>	–	–	–	<u>446</u>
For the year ended December 31, 2018							
Executive Directors							
Mr. Lui Wing Wai (Chairman and CEO)	–	346	60	–	–	–	406
Mr. Lui Chi Chung Jimmy . . .	–	352	–	–	9	–	361
Mr. Lui Jin Ling	–	326	75	–	–	–	401
Mr. Lui Man Wai (Note (v)) . . .	–	302	100	–	–	–	402
	–	<u>1,326</u>	<u>235</u>	–	<u>9</u>	–	<u>1,570</u>
Non-executive Directors							
Mr. Lui Wing Nam	–	260	–	–	–	–	260
Mr. Lui Wing Mau	–	260	–	–	–	–	260
	–	<u>520</u>	–	–	–	–	<u>520</u>
For the year ended December 31, 2019							
Executive Directors							
Mr. Lui Wing Wai (Chairman and CEO)	–	712	–	–	34	–	746
Mr. Lui Chi Chung Jimmy . . .	–	594	–	–	34	–	628
Mr. Lui Jin Ling	–	594	–	–	34	–	628
Mr. Lui Man Wai (Note (v)) . . .	–	594	–	–	34	–	628
	–	<u>2,494</u>	–	–	<u>136</u>	–	<u>2,630</u>
Non-executive Directors							
Mr. Lui Wing Nam	–	711	–	–	–	–	711
Mr. Lui Wing Mau	–	711	–	–	–	–	711
	–	<u>1,422</u>	–	–	–	–	<u>1,422</u>

Notes:

- (i) *The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the subsidiaries of the Group and no directors waived any emolument during the years ended December 31, 2017, 2018 and 2019.*
- (ii) *No director fees were paid to these directors in their capacity as directors of the Company and no emoluments were paid by the Group to the directors as an inducement to join the Group, or as compensation for loss of office during the years ended December 31, 2017, 2018 and 2019.*
- (iii) *Mr. Lui Wing Wai, Mr. Lui Jin Ling, Mr. Lui Chi Chung and Mr. Lui Man Wai were appointed as executive directors of the Company on September 17, 2019.*
- (iv) *Mr. Lui Wing Mau and Mr. Lui Wing Nam were appointed as non-executive directors of the Company on September 17, 2019.*
- (v) *Mr. Lui Man Wai passed away on January 24, 2020.*
- (vi) *Mr. Wan Ho Yin, Mr. Guo Shaomu and Ms. Tang Lo Nar were appointed as the Company's independent non-executive directors on June 20, 2020. During the Track Record period, the independent non-executive directors had not been appointed and had not received any remuneration.*

During the Track Record Period, none of the directors of the Company waived any emoluments paid or payable by the Group and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Directors' retirement benefits and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There were no other loans, quasi-loans and other dealings in favor of the directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 30, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each period or at any time during the Track Record Period.

(f) Five highest paid individuals

For the years ended December 31, 2017, 2018 and 2019, the five individuals whose emoluments were the highest in the Group included 2, Nil and Nil directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3, 5 and 5 individuals during the years ended December 31, 2017, 2018 and 2019 are as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and other benefits	965	2,271	5,533
Pension costs – defined contribution plans	28	91	316
	<u>993</u>	<u>2,362</u>	<u>5,849</u>

The emoluments payable to the remaining 3, 5 and 5 individuals during the years ended December 31, 2017, 2018 and 2019 fell within the following band:

	Year ended December 31,		
	2017	2018	2019
Annual emolument band			
Nil to HKD1,000,000	3	5	–
HKD1,000,001 to HKD1,500,000	–	–	4
HKD1,500,001 to HKD2,000,000	–	–	1
	<u>–</u>	<u>–</u>	<u>–</u>

During the Track Record Period, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 FINANCE COSTS, NET

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income from			
– Bank deposits	1,487	2,542	8,607
Finance costs			
Interest expense for			
– Lease liabilities	(123)	(156)	(813)
– Bank and other borrowings	(10,135)	(46,523)	(152,589)
– Amount due to associates and a joint venture	–	(5,194)	(20,121)
– Amounts due to non-controlling interests	–	(36,550)	(230,016)
Add: capitalized interest	4,454	51,249	324,916
	<u>(5,804)</u>	<u>(37,174)</u>	<u>(78,623)</u>
Finance costs, net	<u>(4,317)</u>	<u>(34,632)</u>	<u>(70,016)</u>

11 INCOME TAX EXPENSES

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Current income tax			
– PRC corporate income tax	26,026	86,712	207,356
– PRC land appreciation tax	11,090	33,147	184,394
	37,116	119,859	391,750
Deferred income tax (Note 16)	2,736	29,134	(97,926)
Income tax expenses	39,852	148,993	293,824

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the profits tax rate of where the Group operates and the difference is set out below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit before income tax	72,683	480,951	763,888
Adjust for share of results of joint ventures and associates	16,750	(80,093)	(359,427)
	89,433	400,858	404,461
Tax calculated at applicable income tax rate	22,358	101,145	102,253
Effect of income not taxable for income tax purpose	(234)	(200)	(55)
Effect of expenses not deductible for income tax purpose	1,136	5,402	4,512
Effect of withholding tax on undistributed profits	8,272	17,189	41,976
PRC land appreciation tax deductible for corporate income tax purpose	(2,772)	(8,286)	(46,098)
Effect of tax losses not recognized as deferred income tax assets	2	596	6,842
	28,762	115,846	109,430
PRC land appreciation tax	11,090	33,147	184,394
	39,852	148,993	293,824

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended December 31, 2017, 2018 and 2019 based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law").

PRC Land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, building and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the BVI Business Companies Act of the BVI and is exempted from British Virgin Islands income tax. The Group's subsidiary in the Hong Kong is subject to corporate income tax at the rate of 16.5%.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on December 6, 2017, dividends distributed from the profits generated the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

Deferred income tax liabilities of approximately RMB11,664,000, RMB28,853,000 and RMB70,829,000 as of December 31, 2017, 2018 and 2019 respectively have been provided for at the applicable tax rate 10% in this Historical Financial Information in respect of temporary differences attributable to undistributed profits of the Company's PRC subsidiaries.

12 DIVIDENDS

No dividend has been declared or paid by the Company since its incorporation.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Dividends	<u>6,667</u>	<u>92,000</u>	=

Dividends during the years ended December 31, 2017 and 2018 represented dividends declared by companies now comprising the Group to the then equity holders of the companies for the years ended December 31, 2017 and 2018, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

13 PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets (Note 29)	Leasehold improvement	Computer and office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2017					
Cost	5,164	195	4,628	7,273	17,260
Accumulated depreciation	(2,744)	(117)	(3,070)	(3,429)	(9,360)
Net book amount	<u>2,420</u>	<u>78</u>	<u>1,558</u>	<u>3,844</u>	<u>7,900</u>
Year ended December 31, 2017					
Opening net book amount	2,420	78	1,558	3,844	7,900
Additions	1,022	–	838	687	2,547
Disposals	–	(78)	–	–	(78)
Depreciation	(1,426)	–	(776)	(1,268)	(3,470)
Closing net book amount	<u>2,016</u>	<u>–</u>	<u>1,620</u>	<u>3,263</u>	<u>6,899</u>
At December 31, 2017					
Cost	6,186	–	5,466	7,960	19,612
Accumulated depreciation	(4,170)	–	(3,846)	(4,697)	(12,713)
Net book amount	<u>2,016</u>	<u>–</u>	<u>1,620</u>	<u>3,263</u>	<u>6,899</u>
Year ended December 31, 2018					
Opening net book amount	2,016	–	1,620	3,263	6,899
Additions	14,178	289	3,093	2,411	19,971
Acquisition of a subsidiary (Note 33)	–	–	107	–	107
Depreciation	(2,903)	–	(1,064)	(1,655)	(5,622)
Closing net book amount	<u>13,291</u>	<u>289</u>	<u>3,756</u>	<u>4,019</u>	<u>21,355</u>
At December 31, 2018					
Cost	20,364	289	8,666	10,371	39,690
Accumulated depreciation	(7,073)	–	(4,910)	(6,352)	(18,335)
Net book amount	<u>13,291</u>	<u>289</u>	<u>3,756</u>	<u>4,019</u>	<u>21,355</u>
Year ended December 31, 2019					
Opening net book amount	13,291	289	3,756	4,019	21,355
Additions	10,505	7,453	7,442	3,085	28,485
Disposals	(877)	–	(210)	(349)	(1,436)
Depreciation	(5,837)	(1,892)	(2,481)	(2,190)	(12,400)
Closing net book amount	<u>17,082</u>	<u>5,850</u>	<u>8,507</u>	<u>4,565</u>	<u>36,004</u>
At December 31, 2019					
Cost	29,471	7,742	15,898	13,107	66,218
Accumulated depreciation	(12,389)	(1,892)	(7,391)	(8,542)	(30,214)
Net book amount	<u>17,082</u>	<u>5,850</u>	<u>8,507</u>	<u>4,565</u>	<u>36,004</u>

As of December 31, 2017, property, plant and equipment with carrying amounts of RMB839,000, respectively were pledged against certain borrowings of the Group (Note 21).

Depreciation expenses have been charged in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cost of inventories sold	380	154	797
Selling and marketing expenses	312	183	413
General and administrative expenses	2,778	5,285	11,190
Total	3,470	5,622	12,400

14 INVESTMENT PROPERTIES

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net book amount	129,000	148,500	155,200
Fair value changes	19,500	6,700	15,600
Closing net book amount	148,500	155,200	170,800

As of December 31, 2017, 2018 and 2019, the Group has no contractual obligations for repairs, maintenance or enhancements.

Certain investment properties with total carrying amount of RMB40,211,000, RMB41,890,000 and RMB170,800,000 as of December 31, 2017, 2018 and 2019, respectively, were pledged as collateral for the Group's borrowings (Note 21).

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments accounted for using the equity method

- (i) The amounts recognized in the consolidated statements of financial position as "Investments accounted for using the equity method" are as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Joint ventures	155,118	372,170	520,299
Associates	54,693	341,835	583,133
	209,811	714,005	1,103,432

Movement of investments in joint ventures:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
At January 1	—	155,118	372,170
Additions	157,771	232,000	—
Share of results	(2,653)	(14,948)	148,129
At December 31	155,118	372,170	520,299

Movement of investments in associates:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
At January 1	68,790	54,693	341,835
Additions	–	192,101	30,000
Share of results	(14,097)	95,041	211,298
At December 31	<u>54,693</u>	<u>341,835</u>	<u>583,133</u>

The amounts recognized in the consolidated statements of comprehensive income as “Share of results of joint ventures and associates” are as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Joint venture	(2,653)	(14,948)	148,129
Associates	(14,097)	95,041	211,298
	<u>(16,750)</u>	<u>80,093</u>	<u>359,427</u>

The Group's joint ventures and associates are principally engaged in property development business. During the years ended December 31, 2017, 2018 and 2019, certain projects of the joint ventures and associates were under development, net losses were incurred and the Group recognized share of losses of the joint ventures and associates. As of December 31, 2017, 2018 and 2019, the Group has performed assessment on impairment of the investments in joint ventures and associates taking into account the pre-sales of the properties of the joint venture and associates, the current and future market condition for sales of properties and the budgeted development cost and expenses, no impairment on the investments in joint ventures and associates is considered necessary.

(b) Set out below are the joint ventures and associates of the Group as of December 31, 2017, 2018 and 2019. The place of incorporation or registration is also their principal place of business.

(i) Joint ventures:

Name of company*	Place and date of incorporation	Principal activities	Paid in capital (RMB'000)	Percentage of ownership interest attributable to the Group
海門錦嘉置業有限公司 Hai Men Jin Jia Property Co., Ltd. (“ Hai Men Jin Jia ”)	PRC, March 14, 2017	Property development	50,000	30%
嘉興碧繡房地產開發有限公司 Jiaxing Bixiu Real Estate Development Co., Ltd.	PRC, May 9, 2017	Property development	30,000	33.3%
海鹽金碧房地產開發有限公司 Haiyan Jinbi Real Estate Development Co., Ltd. (“ Haiyan Jinbi ”)	PRC, July 21, 2017	Property development	125,000	33.3%

Name of company*	Place and date of incorporation	Principal activities	Paid in capital (RMB'000)	Percentage of ownership interest attributable to the Group
張家港保稅區耀輝房地產開發有限公司 Zhangjiagang Free Duty Zone Yaohui Real Estate Development Co., Ltd. (Note (a))	PRC, August 10, 2017	Property development	65,000	13.5%
南通卓蘇房地產開發有限公司 Nantong Zhuosu Real Estate Development Co., Ltd. (Note (a))	PRC, November 20, 2017	Property development	20,000	12.5%
宜興市嘉譽房地產開發有限公司 Yi Xing Jia Yu Real Estate Co., Ltd. (Note (a))	PRC, November 29, 2017	Property development	100,000	20%
常熟卓陽置業有限公司 Changshu Zhuo Yang Property Co., Ltd. ("Changshu Zhuo Yang") (Note (b))	PRC, December 4, 2016	Property development	40,000	25%
南通富利騰房地產開發有限公司 Nan Tong Fu Li Teng Real Estate Co., Ltd. (Note (a))	PRC, December 7, 2017	Property development	30,000	20%
南通崇通置業有限公司 Nan Tong Chong Tong Property Co., Ltd.	PRC, December 14, 2017	Property development	20,000	33%
常州申邁實業投資有限公司 Changzhou Shen Mai Investment Co., Ltd.	PRC, December 19, 2017	Property development	22,400	41.25%
常州嘉宏采菱置業發展有限公司 Changzhou Jia Hong Real Estate Co., Ltd. ("Changzhou Jia Hong") (Note (c))	PRC, December 22, 2017	Property development	45,710	20.21%
泰興市融和置業有限公司 Taixing Ronghe Property Co., Ltd.	PRC, July 24, 2017	Property development	20,000	33%
浙江港達置業有限公司 Zhejiang Gangda Property Co., Ltd.	PRC, March 16, 2017	Property development	104,082	49%
湖州港宏置業有限公司 Huzhou Ganghong Property Co., Ltd.	PRC, October 19, 2017	Property development	20,000	60%
常熟茂龍房地產開發有限公司 Chang Shu Mao Long Real State Co., Ltd.	PRC, July 31, 2018	Property development	200,000	50%
蘇州正璽房地產開發有限公司 Suzhou Zhengxi Real Estate Development Co., Ltd.	PRC, August 17, 2018	Property development	40,000	33%

* The English names of PRC companies referred to above in this note represents management's best efforts in translating the Chinese names of those companies as no English name have been registered or available.

Notes:

- (a) During the Track Record Period, each of these entities had five to eight shareholders, where each shareholder had less than 30% shareholding in these entities. Pursuant to the articles of association of these entities, the Group has appointed one director to the board of directors of these entities, which have five to nine directors in aggregate and require unanimous consent from all directors for decision making at board level, over the financial and operating policy decisions including but not limited to, make operational decisions and investment plans, review and approve annual budgets and reports, merger, split, dissolution, liquidation and change of corporate formality, loan and financing and provision of pledge or guarantee matters. The Group is considered to have joint control over these entities, and accounted for these entities as joint ventures.
- (b) During the Track Record Period, Changshu Zhuo Yang had three shareholders holding 50%, 25% and 25% equity interests, respectively. Pursuant to the articles of association of this entity, the Group has appointed one director to the entity's board of directors, which have three directors in aggregate and require unanimous consent from all directors for decision making at board level, over the financial and operating policy decisions including but not limited to, make operational decisions and investment plans, review and approve annual budgets and reports, merger, split, dissolution, liquidation and change of corporate formality, loan and financing and provision of pledge or guarantee matters. The Group is considered to have joint control over this entity, and accounted for this entity as joint ventures.
- (c) During the Track Record Period, Changzhou Jia Hong had three shareholders holding 20.2%, 20.2% and 59.6% equity interests, respectively. Pursuant to the articles of association of this entity, the Group has appointed one director to the entity's board of directors, which have three directors in aggregate and require unanimous consent from all directors for decision making at board level, over the financial and operating policy decisions including but not limited to, make operational decisions and investment plans, review and approve annual budgets and reports, merger, split, dissolution, liquidation and change of corporate formality, loan and financing and provision of pledge or guarantee matters. The Group is considered to have joint control over this entity, and accounted for this entity as joint ventures.

(ii) Associates:

Name of company*	Place and date of incorporation	Principal activities	Paid in capital (RMB'000)	Percentage of ownership interest attributable to the Group
常熟市虞山碧桂園房地產開發有限公司 Changshu Yushan Country Garden Real Estate Development Co., Ltd.	PRC, September 21, 2015	Property development	100,000	40%
南通市碧桂園新區置業有限公司 Nantong Country Garden New District Property Co., Ltd. ("Nantong Country Garden") (Note (a))	PRC, June 28, 2016	Property development	20,000	15%
張家港金碧房地產開發有限公司 Zhangjiagang Jinbi Real Estate Development Co., Ltd. ("Zhangjiagang Jinbi") (Note (b))	PRC, July 19, 2016	Property development	20,000	15%
海門中南錦冠置業有限公司 Haimen Zhongnan Jinguan Property Co., Ltd. ("Haimen Zhongnan Jinguan")	PRC, December 6, 2016	Property development	50,000	30%
張家港城南碧桂園房地產開發有限公司 Zhangjiagang South City Country Garden Real Estate Development Co., Ltd. ("Zhangjiagang South City")	PRC, December 26, 2016	Property development	20,000	20%
鹽城新碧房地產開發有限公司 Yancheng Xinbi Real Estate Development Co., Ltd. ("Yancheng Xinbi")	PRC, December 26, 2016	Property development	20,000	30%

Name of company*	Place and date of incorporation	Principal activities	Paid in capital (RMB'000)	Percentage of ownership interest attributable to the Group
鹽城市順碧房地產開發有限公司 Yancheng Shunbi Real Estate Development Co., Ltd. (“ Yancheng Shunbi ”)	PRC, February 9, 2017	Property development	25,000	20%
江陰市合誠房地產開發有限公司 Jiangyin Hecheng Real Estate Development Co., Ltd. (“ Jiangyin Hecheng ”) (Note (c))	PRC, June 30, 2017	Property development	66,667	15%
常熟市必達房地產開發有限公司 Changsu Bida Real Estate Development Co., Ltd.	PRC, October 20, 2017	Property development	40,000	25%
如皋市新碧房地產開發有限公司 Rugao Xinbi Real Estate Development Co., Ltd.	PRC, November 15, 2017	Property development	20,000	30%
常熟市金安瑞宸房地產開發有限公司 Changshu Jin'an Ruichen Real Estate Development Co., Ltd.	PRC, December 12, 2017	Property development	80,000	25%
常州牡丹君港置業有限公司 Changzhou Mudan Jungang Real Estate Co., Ltd.	PRC, January 19, 2018	Property development	540,000	24.5%
連雲港市港龍置業有限公司 Lianyungang Ganglong Property Co., Ltd.	PRC, February 7, 2018	Property development	20,000	20%
上海垠望置業有限公司 Shanghai Yinwang Property Co., Ltd.	PRC, July 3, 2018	Property development	30,000	30%
常州市凱澤置業有限公司 Changzhou Kaize Property Co., Ltd.	PRC, May 10, 2019	Property development	20,000	30%

* The English names of PRC companies referred to above in this note represents management's best efforts in translating the Chinese names of those companies as no English name have been registered or available.

Notes:

- (a) During the Track Record Period, Nantong Country Garden had three shareholders holding 51%, 34% and 15% equity interests, respectively. Pursuant to the articles of association of this entity, each shareholder is entitled to appoint three, one and one directors, respectively, which comprise the entity's board of directors with five directors in aggregate. The Group has power to participate in the financial and operating policy decisions of the entity pursuant to the articles of association.
- (b) During the Track Record Period, Zhangjiagang Jinbi had three shareholders holding 70%, 15% and 15% equity interests, respectively. Pursuant to the articles of association of this entity, each shareholder is entitled to appoint three, one and one directors, respectively, which comprise the entity's board of directors with five directors in aggregate. The Group has power to participate in the financial and operating policy decisions of the entity pursuant to the articles of association.
- (c) During the Track Record Period, Jiangyin Hecheng had five shareholders holding 25%, 20%, 20%, 15% and 15% equity interests, respectively. Pursuant to the articles of association of this entity, each shareholder is entitled to appoint one director, which comprise the entity's board of directors with five directors in aggregate. The Group has power to participate in the financial and operating policy decisions of the entity pursuant to the articles of association.

(c) Summarized financial information for associates and joint ventures

- (i) Set out below is the summarized financial information for Haimen Zhongnan Jinguan, which is a material associate to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	1,956	—	—
Current assets			
Cash and cash equivalents	57,963	4,103	1,340
Other current assets	1,206,213	1,184,648	521,878
	1,264,176	1,188,751	523,218
Total assets	1,266,132	1,188,751	523,218
Non-current liabilities	—	—	—
Current liabilities			
Other current liabilities	1,222,000	1,008,377	161,305
Total liabilities	1,222,000	1,008,377	161,305
Net assets	44,132	180,374	361,913

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Haimen Zhongnan Jinguan.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	49,991	44,132	180,374
(Loss)/profit for the years	(5,859)	136,242	181,539
Other comprehensive income	—	—	—
Closing net assets	44,132	180,374	361,913
Proportion of the Group's ownership	30%	30%	30%
Carrying amount of the investment	13,239	54,112	108,574

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	606,622	769,380
Expenses	(7,813)	(346,557)	(531,437)
Income tax credit/(expenses)	1,954	(123,823)	(56,404)
Net (loss)/profit and total comprehensive (loss)/profit for the years	(5,859)	136,242	181,539

- (ii) Set out below is the summarized financial information for Zhangjiagang South City, which is a material associate to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	6,111	13,078	149
Current assets			
Cash and cash equivalents	480,266	394,685	451
Other current assets	2,367,915	2,233,218	982,218
	<u>2,848,181</u>	<u>2,627,903</u>	<u>982,669</u>
Total assets	<u>2,854,292</u>	<u>2,640,981</u>	<u>982,818</u>
Non-current liabilities	1,150,000	150,000	—
Current liabilities			
Other current liabilities	1,702,400	2,509,880	728,736
Total liabilities	<u>2,852,400</u>	<u>2,659,880</u>	<u>728,736</u>
Net assets	<u>1,892</u>	<u>(18,899)</u>	<u>254,082</u>

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Zhangjiagang South City.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	—	1,892	(18,899)
Capital injection	20,000	—	—
(Loss)/profit for the years	(18,108)	(20,791)	272,979
Other comprehensive income	—	—	—
Closing net assets	<u>1,892</u>	<u>(18,899)</u>	<u>254,080</u>
Proportion of the Group's ownership	20%	20%	20%
Carrying amount of the investment	<u>379</u>	<u>—</u>	<u>50,816</u>

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	—	2,253,189
Expenses	(12,072)	(27,721)	(1,808,920)
Income tax expenses	(6,036)	6,930	(171,290)
Net (loss)/profit and total comprehensive (loss)/profit for the years	<u>(18,108)</u>	<u>(20,791)</u>	<u>272,979</u>

- (iii) Set out below is the summarized financial information for Yancheng Xinbi, which is a material associate to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	4,902	4,955	45
Current assets			
Cash and cash equivalents	167,712	84,432	20,356
Other current assets	803,095	980,937	537,906
	<u>970,807</u>	<u>1,065,369</u>	<u>558,262</u>
Total assets	<u>975,709</u>	<u>1,070,324</u>	<u>558,307</u>
Non-current liabilities	70,000	—	—
Current liabilities			
Other current liabilities	899,988	1,066,461	350,666
Total liabilities	<u>969,988</u>	<u>1,066,461</u>	<u>350,666</u>
Net assets	<u>5,721</u>	<u>3,863</u>	<u>207,641</u>

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Yancheng Xinbi.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	—	5,721	3,863
Capital injection	20,000	—	—
(Loss)/profit for the years	(14,279)	(1,858)	203,778
Other comprehensive income	—	—	—
Closing net assets	<u>5,721</u>	<u>3,863</u>	<u>207,641</u>
Proportion of the Group's ownership	30%	30%	30%
Carrying amount of the investment	<u>1,716</u>	<u>1,159</u>	<u>62,292</u>

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	1,806	911,164
Expenses	(19,039)	(1,230)	(557,111)
Income tax credit/(expenses)	4,760	(2,434)	(150,275)
Net (loss)/profit and total comprehensive (loss)/profit for the years	<u>(14,279)</u>	<u>(1,858)</u>	<u>203,778</u>

- (iv) Set out below is the summarized financial information for Yancheng Shunbi, which is a material associate to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	1,150	30	36
Current assets			
Cash and cash equivalents	279,269	130,532	30,937
Other current assets	940,152	1,369,335	746,994
	<u>1,219,421</u>	<u>1,499,867</u>	<u>777,931</u>
Total assets	<u>1,220,571</u>	<u>1,499,897</u>	<u>777,967</u>
Non-current liabilities	—	—	—
Current liabilities			
Other current liabilities	1,223,648	1,440,832	571,368
Total liabilities	<u>1,223,648</u>	<u>1,440,832</u>	<u>571,368</u>
Net assets	<u>(3,077)</u>	<u>59,065</u>	<u>206,599</u>

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Yancheng Shunbi.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	—	(3,077)	59,065
(Loss)/profit for the years	(3,077)	62,142	147,534
Other comprehensive income	—	—	—
Closing net assets	<u>(3,077)</u>	<u>59,065</u>	<u>206,599</u>
Proportion of the Group's ownership	49%	49%	20%
Carrying amount of the investment	<u>—</u>	<u>28,941</u>	<u>58,448</u>

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	702,101	1,008,517
Expenses	(4,103)	(570,347)	(648,750)
Income tax credit/(expenses)	1,026	(69,612)	(212,233)
Net (loss)/profit and total comprehensive (loss)/profit for the years	<u>(3,077)</u>	<u>62,142</u>	<u>147,534</u>

- (v) Set out below is the summarized financial information for Hai Men Jin Jia, which is a material joint venture to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	519	3,070	120
Current assets			
Cash and cash equivalents	262,572	89,058	34,328
Other current assets	1,425,596	1,998,337	1,035,097
	<u>1,688,168</u>	<u>2,087,395</u>	<u>1,069,425</u>
Total assets	<u>1,688,687</u>	<u>2,090,465</u>	<u>1,069,545</u>
Non-current liabilities	400,000	—	—
Current liabilities			
Other current liabilities	1,239,270	2,049,263	716,663
Total liabilities	<u>1,639,270</u>	<u>2,049,263</u>	<u>716,663</u>
Net assets	<u>49,417</u>	<u>41,202</u>	<u>352,882</u>

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Hai Men Jin Jia.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	—	49,417	41,202
Capital injection	50,000	—	—
(Loss)/profit for the years	(583)	(8,215)	311,680
Other comprehensive income	—	—	—
Closing net assets	<u>49,417</u>	<u>41,202</u>	<u>352,882</u>
Proportion of the Group's ownership	30%	30%	30%
Carrying amount of the investment	<u>14,825</u>	<u>12,361</u>	<u>105,865</u>

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	—	1,857,970
Expenses	(777)	(10,953)	(1,429,665)
Income tax credit/(expenses)	194	2,738	(116,625)
Net (loss)/profit and total comprehensive (loss)/profit for the years	<u>(583)</u>	<u>(8,215)</u>	<u>311,680</u>

- (vi) Set out below is the summarized financial information for Haiyan Jinbi, which is a material joint venture to the Group.

Summarized statements of financial position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current assets	932	2,083	221
Current assets			
Cash and cash equivalents	282	330,262	191,379
Other current assets	1,564,544	1,787,496	157,799
	<u>1,564,826</u>	<u>2,117,758</u>	<u>349,178</u>
Total assets	<u>1,565,758</u>	<u>2,119,841</u>	<u>349,399</u>
Non-current liabilities	—	—	—
Current liabilities			
Other current liabilities	1,568,553	2,125,714	213,825
Total liabilities	<u>1,568,553</u>	<u>2,125,714</u>	<u>213,825</u>
Net assets	<u>(2,795)</u>	<u>(5,873)</u>	<u>135,574</u>

Set out below is the reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in Haiyan Jinbi.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening net assets	—	(2,795)	(5,873)
Capital injection	—	—	—
(Loss)/profit for the years	(2,795)	(3,078)	141,447
Other comprehensive income	—	—	—
Closing net assets	<u>(2,795)</u>	<u>(5,873)</u>	<u>135,574</u>
Proportion of the Group's ownership	33%	33%	33%
Carrying amount of the investment	<u>—</u>	<u>—</u>	<u>41,948</u>

Summarized statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue	—	—	1,562,718
Expenses	(3,727)	(4,104)	(1,381,629)
Income tax credit/(expenses)	932	1,026	(39,642)
Net (loss)/profit and total comprehensive (loss)/profit for the years	<u>(2,795)</u>	<u>(3,078)</u>	<u>141,447</u>

(vii) As of December 31, 2017, 2018 and 2019, certain borrowings of joint ventures and associates amounted to RMB230,000,000, RMB1,239,757,000 and RMB905,447,000, respectively were guaranteed by the Group (Note 27). There were no material commitments to joint venture except for the commitment to provide funding for joint venture's capital commitment amounted to RMB764,547,000 as of December 31, 2017.

(viii) Set out below are the summarized financial information of joint ventures, which are individually immaterial to the Group.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
(Loss)/profit for the years	(7,213)	(57,051)	7,947
Other comprehensive income	—	—	—
Total comprehensive (loss)/income for the years	<u>(7,213)</u>	<u>(57,051)</u>	<u>7,947</u>

(ix) Set out below are the summarized financial information of associates, which are individually immaterial to the Group.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
(Loss)/profit for the years	(49,221)	54,766	11,600
Other comprehensive income	—	—	—
Total comprehensive (loss)/income for the years	<u>(49,221)</u>	<u>54,766</u>	<u>11,600</u>

16 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

(a) Deferred income tax assets

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
– Tax losses	23,752	17,881	119,540
– Deferred land appreciation tax	<u>6,227</u>	<u>5,200</u>	<u>36,955</u>
Total deferred income tax assets	<u>29,979</u>	<u>23,081</u>	<u>156,495</u>
Set-off of deferred tax liabilities pursuant to set-off provisions.....	<u>(3,203)</u>	<u>(3,723)</u>	<u>(5,303)</u>
Net deferred income tax assets	<u>26,776</u>	<u>19,358</u>	<u>151,192</u>

Movements of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	<u>Tax losses</u>	<u>Deferred land appreciation tax</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Movements			
At January 1, 2017	13,471	1,951	15,422
Credited to the consolidated statements of comprehensive income (Note 11)	<u>10,281</u>	<u>4,276</u>	<u>14,557</u>
At December 31, 2017	<u>23,752</u>	<u>6,227</u>	<u>29,979</u>
At January 1, 2018	23,752	6,227	29,979
Charged to the consolidated statements of comprehensive income (Note 11)	<u>(5,871)</u>	<u>(1,027)</u>	<u>(6,898)</u>
At December 31, 2018	<u>17,881</u>	<u>5,200</u>	<u>23,081</u>
At January 1, 2019	17,881	5,200	23,081
Credited to the consolidated statements of comprehensive income (Note 11)	<u>101,659</u>	<u>31,755</u>	<u>133,414</u>
At December 31, 2019	<u>119,540</u>	<u>36,955</u>	<u>156,495</u>

Deferred income tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As of December 31, 2017, 2018 and 2019, the Group did not recognize deferred income tax assets of RMB8,000, RMB604,000 and RMB7,446,000 in respect of tax losses amounting to RMB32,000, RMB2,417,000 and RMB29,785,000, respectively, that can be carried forward against future taxable income and the expiration period of which is shown as follows:

	<u>As of December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Within 1 year	—	—	—
Within 2 years	—	—	22
Within 3 years	—	22	10
Within 4 years.....	22	10	2,385
Within 5 years	<u>10</u>	<u>2,385</u>	<u>27,368</u>
	<u>32</u>	<u>2,417</u>	<u>29,785</u>

(b) Deferred income tax liabilities

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
– Withholding tax on dividends for undistributed profits	(11,664)	(28,853)	(70,829)
– Fair value gains on investment properties	(18,106)	(19,781)	(23,681)
– Deferred land appreciation tax	(12,508)	(15,880)	(5,492)
Total deferred income tax liabilities.....	<u>(42,278)</u>	<u>(64,514)</u>	<u>(100,002)</u>
Set-off of deferred income tax assets pursuant to set-off provisions.....	3,203	3,723	5,303
Net deferred income tax liabilities	<u>(39,075)</u>	<u>(60,791)</u>	<u>(94,699)</u>

Movements of deferred income tax liabilities without taking into consideration the offsetting balances within the same jurisdiction is as follows:

	Withholding tax on dividends for undistributed profits	Fair value gains on investment properties	Deferred land appreciation tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Movements				
At January 1, 2017	(3,392)	(13,231)	(8,362)	(24,985)
Charged to the consolidated statements of comprehensive income (Note 11)	(8,272)	(4,875)	(4,146)	(17,293)
At December 31, 2017	<u>(11,664)</u>	<u>(18,106)</u>	<u>(12,508)</u>	<u>(42,278)</u>
At January 1, 2018	(11,664)	(18,106)	(12,508)	(42,278)
Charged to the consolidated statements of comprehensive income (Note 11)	(17,189)	(1,675)	(3,372)	(22,236)
At December 31, 2018	<u>(28,853)</u>	<u>(19,781)</u>	<u>(15,880)</u>	<u>(64,514)</u>
	Withholding tax on dividends for undistributed profits	Fair value gains on investment properties	Deferred land appreciation tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019	(28,853)	(19,781)	(15,880)	(64,514)
(Charged)/credited to the consolidated statements of comprehensive income (Note 11)	(41,976)	(3,900)	10,388	(35,488)
At December 31, 2019	<u>(70,829)</u>	<u>(23,681)</u>	<u>(5,492)</u>	<u>(100,002)</u>

The analysis of deferred income tax accounts are as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Deferred income tax assets:			
Recoverable after 12 months	26,776	19,358	151,192
Deferred income tax liabilities:			
Recoverable after 12 months	(39,075)	(60,791)	(94,699)

17 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Properties under development	2,170,671	5,433,641	16,052,548
Completed properties held for sale	63,722	40,725	732,904
	<u>2,234,393</u>	<u>5,474,366</u>	<u>16,785,452</u>
Properties under development comprise:			
– Land use rights	795,437	3,814,699	12,453,111
– Construction costs	1,370,780	1,563,240	3,250,557
– Interests capitalized	4,454	55,702	348,880
	<u>2,170,671</u>	<u>5,433,641</u>	<u>16,052,548</u>
	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Expected to be completed and available for sale			
– within 1 year	1,008,103	1,054,744	1,517,628
– more than 1 year	1,162,568	4,378,897	14,534,920
	<u>2,170,671</u>	<u>5,433,641</u>	<u>16,052,548</u>

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within normal operating cycle.

The capitalization rates of borrowings are 5.2%, 10.9% and 8.2% for the years ended December 31, 2017, 2018 and 2019, respectively.

As of December 31, 2017, 2018 and 2019, the Group's pledged properties held for sale and properties under development are set out as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Carrying amounts of completed properties held for sale and properties under development:			
– Pledged as collateral for Group's borrowings	808,118	2,127,416	6,121,919

18 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade receivables from third parties (Note (a))	128	528	25,970
Other receivables			
– Amount due from the other partners of joint ventures ..	601,507	6,600	–
– Deposits for property development projects	118,797	456,089	303,990
– Receivables from banks and bank card services providers.....	4,441	2,026	41,341
– Cash advances to third parties (Note (c))	304,550	214,545	9,500
– Interest receivables	12,646	31,213	–
– Others	8,098	23,269	21,583
	<u>1,050,039</u>	<u>733,742</u>	<u>376,414</u>
Prepayments			
– Prepayments for property development projects	45,378	53,920	60,139
– Prepayments for acquisition of land use rights (Note (b))	153,500	130,000	571,824
– Prepaid value added tax, business taxes and other taxes	91,213	157,272	186,992
– Contract acquisition costs (Note (d))	10,027	9,444	16,606
– Prepaid listing expenses	–	3,497	6,695
– Others	3,452	8,213	8,302
	<u>303,570</u>	<u>362,346</u>	<u>850,558</u>
Trade and other receivables and prepayments	<u>1,353,737</u>	<u>1,096,616</u>	<u>1,252,942</u>

Notes:

(a) Trade receivables

Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The aging analysis of trade receivables at the consolidated balance sheet dates based on invoice date is as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0-30 days	–	–	22,793
31-60 days	–	–	3
61-90 days	–	–	866
Over 91 days	128	528	2,308
	<u>128</u>	<u>528</u>	<u>25,970</u>

As of December 31, 2017, 2018 and 2019, trade receivables of RMB128,000, RMB528,000 and RMB25,970,000 were overdue but not impaired and fully relate to certain customers that have good settlement record with the Group.

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these trade receivables balances was not material.

- (b) As of December 31, 2017, 2018 and 2019, included in prepayments amounted to RMB153,500,000, RMB130,000,000 and RMB571,824,000, respectively were initial development prepayment made to the co-operative parties to the government agency in respect of several land use rights located in the PRC. Based on the agreements signed between the project companies and the government agency, the above prepayment will be offset with the land acquisition cost if the project companies obtain the right to acquire the land use right.
- (c) Cash advances to third parties represents the loan advance to property developers in the PRC for funding of the property development projects. As of December 31, 2017, 2018 and 2019, cash advances with third parties are interest free, except for amounts of RMB303,700,000, RMB213,045,000 as December 31, 2017 and 2018, respectively, which bears interest at 9.99% per annum. All cash advances with third parties are unsecured, repayable on demand. The balances have been subsequently settled.
- (d) Management considers the contract acquisition costs, which represented sales commission paid for obtaining property sale contracts, to be recoverable. The Group has deferred the amounts paid and will charge them to the consolidated statements of comprehensive income when the related revenue is recognized. For the years ended December 31, 2017, 2018 and 2019, the amounts charged to the consolidated statements of comprehensive income were RMB966,000, RMB6,200,000, RMB3,435,000, respectively, and there were no impairment loss in relation to the remaining balances.

The carrying amounts of the trade and other receivables and prepayments approximate their fair values and are denominated in RMB.

The maximum exposure to credit risk as of December 31, 2017, 2018 and 2019 was the carrying value of the receivables. The Group did not hold any collateral as security.

19 RESTRICTED CASH, PLEDGED TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Restricted cash (Note (a))	30,264	219,233	1,414,744
Pledged time deposits (Note 20 (b))	—	—	45,920
Cash and cash equivalents	166,204	622,753	1,052,217
	<u>196,468</u>	<u>841,986</u>	<u>2,512,881</u>

Note:

- (a) As of December 31, 2017, 2018 and 2019, restricted cash amounted to RMB2,363,000, RMB627,000 and RMB265,193,000, respectively, were deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. As of December 31, 2017, 2018 and 2019, restricted cash amounted to RMB27,901,000, RMB218,606,000 and RMB1,149,551,000, respectively, were subject to restriction of use for construction work.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by PRC government. As of December 31, 2017, 2018 and 2019 all restricted cash, pledged time deposits and cash and cash equivalents were held in the PRC.

The above balances as of December 31, 2017, 2018 and 2019 approximate their fair values and are denominated in the following currencies:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
RMB	196,438	841,956	2,512,678
HKD	1	1	174
USD	29	29	29
	<u>196,468</u>	<u>841,986</u>	<u>2,512,881</u>

20 TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade and bills payables			
Trade payables (Note (a))	944,063	1,105,141	1,978,499
Bills payables (Note (b))	—	—	77,527
	<u>944,063</u>	<u>1,105,141</u>	<u>2,056,026</u>
Other payables			
– Other taxes payable	85,745	118,737	77,610
– Payroll payable	6,228	23,023	63,373
– Amounts due to third parties	80,000	228,507	139,812
– Deposits received from potential property purchasers	233	7,945	55,237
– Deposits from contractors and suppliers	10,901	16,596	52,428
– Listing expenses	—	6,288	4,869
– Interest payable	—	921	5,114
– Others	11,253	16,147	8,616
	<u>194,360</u>	<u>418,164</u>	<u>407,059</u>
Trade payables, bills payables and other payables ...	<u>1,138,423</u>	<u>1,523,305</u>	<u>2,463,085</u>

(a) The aging analysis of the trade payables of the Group based on invoice date is as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0 – 30 days	855,841	997,146	1,780,785
31 – 60 days	36,636	39,624	61,506
61 – 90 days	2,596	1,192	11,690
Over 91 days	48,990	67,179	124,518
	<u>944,063</u>	<u>1,105,141</u>	<u>1,978,499</u>

(b) An aging analysis of the bills payables of the Group is as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0 – 30 days	—	—	21,400
31 – 60 days	—	—	19,100
61 – 90 days	—	—	4,400
Over 91 days	—	—	32,627
	—	—	<u>77,527</u>
	=	=	=

As of December 31, 2019, the Group's bills payables of RMB77,527,000 were denominated in RMB and secured by time deposits of RMB45,920,000 (Note 19).

21 BORROWINGS

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Non-current			
Bank borrowings – secured and guaranteed	135,300	386,400	1,076,099
Other borrowing – secured	–	165,400	633,000
	<u>135,300</u>	<u>551,800</u>	<u>1,709,099</u>
Current			
Bank borrowings – secured and guaranteed	181,700	64,300	764,200
Other borrowing – secured	523	240,000	380,000
	<u>182,223</u>	<u>304,300</u>	<u>1,144,200</u>
Total borrowings	<u>317,523</u>	<u>856,100</u>	<u>2,853,299</u>

As of December 31, 2017, 2018 and 2019, all of the Group's borrowings are denominated in RMB.

All bank and other borrowings of the Group as of December 31, 2017, 2018 and 2019 were secured by certain property, plant and equipment, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of RMB921,262,000, RMB2,763,957,000 and RMB6,554,801,000 respectively.

In addition to pledge of assets, certain bank and other borrowings amounted to RMB317,523,000, RMB450,700,000 and RMB2,095,149,000 as of December 31, 2017, 2018 and 2019, respectively, required guaranteed by subsidiaries of the Group, Mr. Lui Jin Ling, Mr. Lui Wing Wai and their spouses (Note 30).

Certain group companies in the PRC have entered into fund arrangements with trust companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices. The funds bear fixed interest rates and have fixed repayment terms. Thus, the Group did not derecognize its equity interests in the subject group companies but treated the fund arrangements as other borrowings in the consolidated financial statements.

- (a) The exposure of the bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date, whichever is earlier, are as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Variable rate borrowings	120,000	153,000	2,133,199
Other borrowings – repricing date:			
6 months or less	–	240,000	280,000
6–12 months	–	–	90,700
1–2 years	523	443,800	333,000
2–5 years	175,000	–	16,400
Over 5 years	22,000	19,300	–
Total	<u>317,523</u>	<u>856,100</u>	<u>2,853,299</u>

- (b) The weighted average effective interest rates as of December 31, 2017, 2018 and 2019 were as follows:

	As of December 31,		
	2017	2018	2019
Bank borrowings	6.23%	7.50%	7.67%
Other borrowings	10.99%	11.20%	10.83%
Weighted average effective interest rates	<u>6.26%</u>	<u>8.01%</u>	<u>8.82%</u>

- (c) The repayment terms of the borrowings are as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within 1 year	182,223	304,300	1,144,200
Between 1 and 2 years	46,300	538,400	1,525,799
Between 2 and 5 years	82,000	9,800	183,300
Over 5 years	7,000	3,600	—
	<u>317,523</u>	<u>856,100</u>	<u>2,853,299</u>

- (d) The carrying amounts of the borrowings approximate their fair values as of December 31, 2017, 2018 and 2019 as either the impact of discounting of borrowings with fixed interest rates was not significant, or the borrowings bear interests at floating rates.
- (e) As of December 31, 2017, 2018 and 2019, the Group did not have undrawn borrowing facilities.
- (f) The Group's borrowings did not have material financial covenants except for the followings:

A subsidiary of the Group had obtained a bank borrowing of RMB80,000,000 in April 2014. The borrowing was fully repaid during the year ended December 31, 2017. The subsidiary was required to comply with the following financial covenants:

- (i) Debt to asset ratio must not exceed 75%; and
- (ii) Current ratio must not be less than 1.

A subsidiary of the Group had obtained a bank borrowing of RMB125,000,000 in February 2017. As of December 31, 2017 and 2018, the carrying amount of the borrowing amounted to RMB120,000,000 and RMB25,000,000, respectively. Such borrowing was fully repaid during the December 31, 2019. The subsidiary was required to comply with a covenant where its debt to asset ratio must not exceed 80%.

A subsidiary of the Group had obtained a bank borrowing of RMB100,000,000 in August 2019. As of December 31, 2019, the carrying amount of the borrowing amounted to RMB100,000,000. The subsidiary was required to comply with a covenant where its debt to asset ratio must not exceed 90%.

A subsidiary of the Group had obtained a bank borrowing of RMB235,000,000 in September 2019. As of December 31, 2019, the carrying amount of the borrowing amounted to RMB235,000,000. The subsidiary was required to comply with a covenant where its debt to asset ratio must not exceed 80%.

A subsidiary of the Group had obtained a bank borrowing of RMB50,000,000 in December 2019. As of December 31, 2019, the carrying amount of the borrowing amounted to RMB50,000,000. The subsidiary was required to comply with a covenant where its debt to asset ratio must not exceed 80%.

The Group was in compliance of these covenants during the Track Record Period.

22 SHARE CAPITAL AND RESERVES

Share capital

The Company was incorporated on October 8, 2018 with an authorized share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. On November 29, 2018, as part of the Reorganization, the Company issued 1,000 shares as the consideration for acquisition of the subsidiaries now comprising the Group (Note 1.2).

	<u>Number of shares</u>	<u>Share capital</u> HK\$
Authorized:		
At October 8, 2018 (date of incorporation), December 31, 2018 and December 31, 2019	<u>38,000,000</u>	<u>380,000</u>
	<u>Number of shares</u>	<u>Share capital</u> RMB
Issued:		
At October 8, 2018 (date of incorporation), December 31, 2018 and December 31, 2019	<u>1,000</u>	<u>9</u>

Statutory reserve

In accordance with the relevant PRC regulations applicable to wholly foreign owned enterprises, the PRC subsidiary is required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reach 50% of the registered capital of the PRC subsidiary, the subsidiary will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

During the years ended December 31, 2017, 2018 and 2019 retained earnings amounted approximately RMB15,392,000, RMB43,302,000 and RMB69,974,000 had been transferred to the statutory reserve, respectively.

Retained earnings

Retained earnings represent retained earnings of the companies comprising the Group. The movement in retained earnings during the Track Record Period mainly comprise profit for the years, dividends paid and appropriation to statutory reserve.

Other reserves

Other reserves mainly represented the reserves derived from acquisition of non-controlling interests, the share premium and the accumulated capital contribution from the then equity holders of the group companies in excess of the consideration given in relation to the Reorganization.

Reserve movement of the Company

	<u>Other reserves</u>	<u>Accumulated loss</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
At October 8, 2018 (Date of incorporation)	–	–	–
Loss for the period	–	(10,718)	(10,718)
Deemed contribution (Note)	656,864	–	656,864
At December 31, 2018	<u>656,864</u>	<u>(10,718)</u>	<u>646,146</u>
At January 1, 2019	656,864	(10,718)	646,146
Loss for the year	–	(10,435)	(10,435)
At December 31, 2019	<u>656,864</u>	<u>(21,153)</u>	<u>635,711</u>

Note: Deemed contribution represented mainly the excess of the aggregate net asset values of the Listing Business over the par value of the Company's shares issued in exchange pursuant to the Reorganization.

23 EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2017, 2018 and 2019.

	<u>Year ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Profit attributable to owners of the Company during the years (RMB'000)	31,356	354,831	668,041
Weighted average number of ordinary shares in issue ...	1,000	1,000	1,000
Basic earnings per share (RMB)	<u>31,356</u>	<u>354,831</u>	<u>668,041</u>

In determining the weighted average number of shares in issue during the years ended December 31, 2017, 2018 and 2019, 1,000 shares issued upon incorporation of the Company as detailed in Note 22 were deemed to have been issued on January 1, 2017 as if the Company had been incorporated by then.

(b) Diluted

The Company did not have any potential dilutive shares outstanding throughout the Track Record Period. Accordingly, diluted earnings per share is the same as the basic earnings per share.

24 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost			
<i>Assets included in the consolidated statements of financial position</i>			
Trade and other receivables (excluding prepayments) ...	1,050,167	734,270	402,384
Amounts due from associates	268,550	319,636	124,709
Amounts due from joint ventures	759,806	569,664	350,268
Amounts due from a Controlling Shareholder	3	500	—
Amounts due from non-controlling interests.....	6,600	102,043	198,443
Restricted cash	30,264	219,233	1,414,744
Pledged time deposits	—	—	45,920
Cash and cash equivalents	166,204	622,753	1,052,217
	<u>2,281,594</u>	<u>2,568,099</u>	<u>3,588,685</u>

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortized cost			
<i>Liabilities included in the consolidated statements of financial position</i>			
Borrowings	317,523	856,100	2,853,299
Trade payables, bills payables and other payables, excluding payroll payable and other taxes payable ...	1,046,450	1,381,545	2,322,102
Amounts due to associates	592,355	822,213	1,497,735
Amounts due to joint ventures	212,536	509,177	869,944
Amounts due to Controlling Shareholders	65,150	9,981	23,539
Amounts due to related parties	21,824	11,119	—
Amounts due to non-controlling interests	—	1,221,665	4,682,599
Lease liabilities	951	8,815	11,970
	<u>2,256,789</u>	<u>4,820,615</u>	<u>12,261,188</u>

The Company

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortized cost			
Other payables	—	6,288	4,883
Amount due to subsidiaries	—	859	3,496
Amount due to a Controlling Shareholder	—	7,068	19,470
	—	<u>14,215</u>	<u>27,849</u>

25 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

- (a) Reconciliation of profit before income tax to net cash generated from/(used in) operations is set out as below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit before income tax	72,683	480,951	763,888
Adjustments for:			
– Depreciation of property, plant and equipment and right-of-use assets (Note 13)	3,470	5,622	12,400
– Gains on disposals of property, plant and equipment (Note 13)	(75)	(92)	(323)
– Share of results of associates and joint ventures (Note 15)	16,750	(80,093)	(359,427)
– Fair value gains on investment properties (Note 14) ...	(19,500)	(6,700)	(15,600)
– Interest income from associates, joint ventures and other third parties	(26,238)	(51,199)	(23,382)
– Finance income	(1,487)	(2,542)	(8,607)
– Finance costs	5,804	37,174	78,623
Operating profit before working capital change	51,407	383,121	447,572
– Properties under development and completed properties held for sale	(909,311)	(2,171,641)	(11,203,106)
– Trade and other receivables and prepayments	(860,335)	209,961	(341,322)
– Contract liabilities	1,311,139	1,127,141	4,762,389
– Trade payables, bills payables and other payables	522,135	172,993	1,028,475
– Pledged time deposits.....	–	–	(45,920)
– Changes in restricted cash	3,168	(188,969)	(1,195,511)
Net cash generated from/(used in) operations	118,203	(467,394)	(6,547,423)

- (b) Reconciliation of proceeds from disposals of property, plant and equipment

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Net book amount	78	–	559
Net gains on disposals of property, plant and equipment	75	92	323
Proceeds from disposals of property, plant and equipment	153	92	882

(c) The reconciliation of assets and liabilities arising from financing activities is as follows:

	Lease liabilities	Amounts due to associates	Amounts due to related parties	Amounts due to Controlling Shareholders	Amounts due to joint ventures	Amounts due to non-controlling interest	Amounts due to third parties	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017	1,923	89,000	8,692	73,662	-	-	5,000	50,423	228,700
Non-cash movement	1,144	-	-	-	-	-	-	-	1,144
Cash inflows	-	900,261	5,389	160,570	530,694	-	80,000	305,000	1,981,914
Cash outflows	(2,116)	(396,906)	(2,635)	(144,750)	(318,158)	-	(5,000)	(37,900)	(907,465)
Other changes (Note (e))	-	-	10,378	(24,332)	-	-	-	-	(13,954)
As of December 31, 2017	951	592,355	21,824	65,150	212,536	-	80,000	317,523	1,290,339
As of January 1, 2018	951	592,355	21,824	65,150	212,536	-	80,000	317,523	1,290,339
Non-cash movement (Note (d))	14,334	-	-	-	-	-	572,306	240,000	826,640
Cash inflows	-	522,652	33,056	116,781	894,688	2,397,679	-	480,800	4,445,656
Cash outflows	(6,470)	(292,794)	(34,193)	(122,920)	(598,047)	(1,176,014)	(423,799)	(182,223)	(2,836,460)
Other changes (Note (e))	-	-	(9,568)	(49,030)	-	-	-	-	(58,598)
As of December 31, 2018	8,815	822,213	11,119	9,981	509,177	1,221,665	228,507	856,100	3,667,577
As of January 1, 2019	8,815	822,213	11,119	9,981	509,177	1,221,665	228,507	856,100	3,667,577
Non-cash movement	10,463	-	-	-	-	-	-	-	10,463
Cash inflows	-	837,442	79,079	353,442	830,947	7,771,199	14,500	2,831,549	12,718,158
Cash outflows	(7,308)	(161,920)	(90,198)	(339,884)	(470,180)	(4,318,482)	(94,978)	(834,350)	(6,317,300)
Other changes (Note (e))	-	-	-	-	-	8,217	(8,217)	-	-
As of December 31, 2019	11,970	1,497,735	-	23,539	869,944	4,682,599	139,812	2,853,299	10,078,898

(d) Non-cash financing activities

During the year ended December 31, 2018, the non-cash movement of borrowings amounted to RMB240,000,000 and amounts due to third parties amounted to RMB572,306,000 were resulted from the acquisition of a subsidiary, as detailed in Note 33.

(e) Other changes

Other changes include items which are presented as operating cash flows and investing cash flows in the consolidated statements of cash flows.

26 TRANSACTION WITH NON-CONTROLLING INTERESTS

During the year ended December 31, 2018, the Group acquired additional equity interest of 2.5% in Yancheng Ganglong for a consideration of RMB7,707,000 in cash, the Group recognized a decrease in non-controlling interests and a decrease in equity attributable to owners of the Company. The difference between the carrying amounts of non-controlling interest acquired and consideration paid are set out below.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total carrying amount of non-controlling interests acquired	-	2,095	-
Less: total consideration paid and payable to non-controlling interests	-	<u>(7,707)</u>	-
Total difference recognized within equity	-	<u>(5,612)</u>	-

27 FINANCIAL GUARANTEES

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	885,672	1,615,674	3,294,002
Guarantee in respect of borrowings of joint ventures and associates (Note (b) and Note 30)	<u>230,000</u>	<u>1,239,757</u>	<u>905,447</u>
	<u>1,115,672</u>	<u>2,855,431</u>	<u>4,199,449</u>

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligation of such purchasers for repayments. Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by purchasers of properties. The directors consider that the likelihood of default in payments by purchasers is minimal as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts. Therefore, the financial guarantees measured at fair value is immaterial and no liabilities was recognized.

(b) Amounts represented the maximum exposure of the guarantees provided for the borrowings of the joint ventures and associates at the respective balance sheet dates. The directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognized.

28 COMMITMENTS

(a) Commitments for capital and property development expenditures

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Contracted but not provided for	<u>1,311,445</u>	<u>6,585,288</u>	<u>13,457,571</u>

Note: The amount represented capital commitment for construction contracts and agreed proposed development contracts determined based on current estimated budgets.

(b) Operating leases rental receivables – a group company as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within one year	<u>2,045</u>	<u>2,160</u>	<u>4,340</u>
Later than one year but no later than five years	<u>2,851</u>	<u>1,680</u>	<u>7,591</u>
	<u>4,896</u>	<u>3,840</u>	<u>11,931</u>

29 LEASE LIABILITIES

(a) Amounts recognized in the consolidated statements of financial position

The consolidated statements of financial position shows the following amounts relating to leases:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Right-of-use assets*			
Properties	<u>2,016</u>	<u>13,291</u>	<u>17,082</u>

* The balances were included in Note 13 "Property, plant and equipment" to the consolidated statements of financial position.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Lease liabilities			
Non-current	<u>279</u>	<u>3,502</u>	<u>3,782</u>
Current	<u>672</u>	<u>5,313</u>	<u>8,188</u>
	<u>951</u>	<u>8,815</u>	<u>11,970</u>

Additions to the lease liabilities amounted to approximately RMB1,022,000, RMB14,178,000 and RMB10,505,000 during the years ended December 31, 2017, 2018 and 2019 respectively.

(b) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income shows the following amounts relating to leases:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
Properties	<u>1,426</u>	<u>2,903</u>	<u>5,837</u>
Finance costs on leases	<u>123</u>	<u>156</u>	<u>813</u>

As of December 31, 2017, 2018 and 2019, the carrying amount of the Group's lease liabilities was denominated in RMB and approximate to its fair value.

(c) Amounts recognized in the consolidated statements of cash flows

During the years ended December 31, 2017, 2018 and 2019, the total cash outflows for leases were analyzed as below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cash flows from financing activities			
Payments of interest element of lease liabilities	123	156	813
Payment of principal element of lease liabilities	<u>1,993</u>	<u>6,314</u>	<u>6,495</u>
	<u>2,116</u>	<u>6,470</u>	<u>7,308</u>

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) Name and relationship with related parties

The ultimate holding companies of the Company are Huaxing, Hualian and Hualong. The ultimate controlling shareholders of the Company are Mr. Lui Wing Wai, Mr. Lui Man Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling and Mr. Lui Wing Mau.

The directors are of the view that the following related parties that had material transactions or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
呂進亮 Mr. Lui Jin Ling	Controlling shareholder and Executive Director of the Company
呂永懷 Mr. Lui Wing Wai	Controlling shareholder and Executive Director of the Company
呂文偉 Mr. Lui Man Wai (Note (a)) ...	Controlling shareholder and Executive Director of the Company
呂志聰 Mr. Lui Chi Chung, Jimmy	Controlling shareholder and Executive Director of the Company
呂永南 Mr. Lui Wing Nam	Controlling shareholder and Non-executive Director of the Company
呂永茂 Mr. Lui Wing Mau	Controlling shareholder and Non-executive Director of the Company
潘瑞希 Miss Pan Ruixi	Spouse of a Controlling Shareholder
呂進益 Mr. Lui Jin Yi	Close family member of the Controlling Shareholders
呂翠燕 Miss Lui Cui Yan	Close family member of the Controlling Shareholders
呂志平 Mr. Lui Zhi Ping	Close family member of the Controlling Shareholders
朱家雯 Miss Zhu Jia Wen	Spouse of close family member of the Controlling Shareholders
洪華婷 Miss Hung Hua Ting	Spouse of close family member of the Controlling Shareholders
謝劍青 Mr. Xie Jian Qing	Senior management of the Group
海門市鴻鵬貿易有限公司 Hai Men Hong Peng Trading Company Limited (“ Hai Men Hong Peng ”) ...	Company controlled by the Controlling Shareholders

Note (a): Mr. Lui Man Wai passed away on January 24, 2020.

Other than those listed above, associates and joint ventures of the Group are also considered as related parties.

Apart from the balances and transactions disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties:

(b) Transactions with related parties

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Lease payments to Mr. Xie Jian Qing in respect of the leased office premises	<u>(1,363)</u>	<u>(1,009)</u>	<u>(791)</u>
Costs of receiving of construction and decoration services to Hai Men Hong Peng	<u>(10,408)</u>	<u>(870)</u>	<u>(12,508)</u>
Interest expense to associates	<u>—</u>	<u>—</u>	<u>(10,665)</u>
Interest expense to a joint venture	<u>—</u>	<u>(5,194)</u>	<u>(9,456)</u>
Interest income from joint ventures	<u>13,179</u>	<u>11,671</u>	<u>—</u>
Interest income from associates	<u>413</u>	<u>6,103</u>	<u>11,974</u>
Sales of properties to Mr. Lui Chi Chung Jimmy and his spouse	<u>1,036</u>	<u>—</u>	<u>2,681</u>
Income for rendering of management and consulting services from joint ventures	<u>—</u>	<u>4,935</u>	<u>31,024</u>
Income for rendering of management and consulting services from associates	<u>—</u>	<u>10,023</u>	<u>15,950</u>

Note (i): These transactions were conducted at prices and terms mutually agreed among the parties.

(c) Balances with shareholders, related parties, associates and joint ventures

	As of December 31,			Nature
	2017	2018	2019	
	RMB'000	RMB'000	RMB'000	
Amounts due from Controlling Shareholders				
(Note (i))				
– Mr. Lui Jin Ling	–	500	–	Non-trade
– Mr. Lui Chi Chung Jimmy	3	–	–	Non-trade
	<u>3</u>	<u>500</u>	<u>–</u>	
Amounts due to Controlling Shareholders				
(Note (i))				
– Mr. Lui Jin Ling	65,150	7,300	23,539	Non-trade
– Mr. Lui Chi Chung Jimmy	–	2,681	–	Trade
	<u>65,150</u>	<u>9,981</u>	<u>23,539</u>	
Amounts due to related parties (Note (i))				
– Miss Pan Ruixi	1,236	–	–	Non-trade
– Mr. Lui Jin Yi	2,020	–	–	Non-trade
– Miss Lui Cui Yan	2,000	–	–	Non-trade
– Mr. Lui Zhi Ping	1,540	–	–	Non-trade
– Miss Zhu Jia Wen	1,570	–	–	Non-trade
– Miss Hung Hua Ting	3,080	–	–	Non-trade
– Hai Men Hong Peng (Note (ii))	10,378	810	–	Trade
– Hai Men Hong Peng	–	10,309	–	Non-trade
	<u>21,824</u>	<u>11,119</u>	<u>–</u>	
Amounts due from joint ventures (Note (iii))	<u>759,806</u>	<u>569,664</u>	<u>350,268</u>	Non-trade
Amounts due to joint ventures (Note (iv))	<u>212,536</u>	<u>509,177</u>	<u>869,944</u>	Non-trade
Amounts due from associates (Note (v))	<u>268,550</u>	<u>319,636</u>	<u>124,709</u>	Non-trade
Amounts due to associates (Note (vi))	<u>592,355</u>	<u>822,213</u>	<u>1,497,735</u>	Non-trade

Note (i): Amounts due from/to Controlling Shareholders and related parties mainly represent the cash advances which are interest free, unsecured and repayable on demand. All balances with Controlling Shareholders will be fully settled prior to the Listing of the Company.

Note (ii): Amount due to Hai Men Hong Peng represents the construction and decoration services payable. The balance was interest free, unsecured and repayable on demand.

Note (iii): Amounts due from joint ventures represents the cash advances for project development. The balances bear interest rates ranging from 6.0% to 8.0% per annum, unsecured and repayable on demand.

Note (iv): Amounts due to joint ventures represents the cash advances for project development. The balances were interest-free, except for the amount of RMB145,000,000 as of December 31, 2019 which bears interest at 8.0% per annum. All balances are unsecured and repayable on demand.

Note (v): Amounts due from associates represents the cash advances for project development. The balances bear interest rates ranging from 4.75% to 12.0% per annum, unsecured and repayable on demand.

Note (vi): Amounts due to associates represents the cash advances for project development. The balances were interest-free, except for the amount of RMB546,196,000 as of December 31, 2019 which bears interest at 6.32% to 10% per annum, all balances are unsecured and repayable on demand.

(d) Guarantee with related parties

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Carrying values of the borrowings of joint ventures and associates guaranteed by certain subsidiaries of the Group			
Joint ventures	–	1,160,357	801,322
Associates	230,000	79,400	104,125
	<u>230,000</u>	<u>1,239,757</u>	<u>905,447</u>
Carrying values of the borrowings guaranteed by subsidiaries of the Group, the Controlling Shareholders and their spouses in connection with the Group's borrowings (Note 21)	317,523	450,700	2,095,149
	<u>317,523</u>	<u>450,700</u>	<u>2,095,149</u>

(e) Key management compensation

Key management compensation for the years ended December 31, 2017, 2018 and 2019 is set out below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Key management compensation			
– Salaries and other employee benefits	795	2,106	7,099
– Pension costs	37	42	509
	<u>832</u>	<u>2,148</u>	<u>7,608</u>

Note (i): For year ended December 31, 2018, the compensation of certain senior management was borne by an associate of the Group, amounted to RMB339,000 respectively.

31 AMOUNTS DUE FROM/(TO) NON-CONTROLLING INTERESTS

	As at December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Amounts due from non-controlling interests (Note (a)) ..	6,600	102,043	198,443
Amounts due to non-controlling interests (Note (b))	–	(1,221,665)	(4,682,599)
	<u>6,600</u>	<u>(1,119,622)</u>	<u>(4,484,156)</u>

Note (a): Amounts due from non-controlling interests mainly represented cash advances to the non-controlling interest of certain subsidiaries. They are unsecured, interest free and repayable on demand.

Note (b) Amounts due to non-controlling interests mainly represented cash advances provided by the non-controlling interests of certain subsidiaries. As of December 31, 2018 and 2019, amounts due to non-controlling interests were interest-free, except for amounts of RMB950,123,000 and RMB4,520,326,000, which bears interest ranging from 8.0%-15.0% per annum respectively and amount of RMB6,099,000 as of December 31, 2019 which bears interest at 20.0% per annum. All of the amounts due to non-controlling interests are unsecured and repayable on demand.

32 PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Group as of December 31, 2017 and 2018 and 2019 are set out as below.

Name of companies*	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ issued capital	Paid up capital	Proportion of ownership interest			Upon completion of the reorganization and as of the date of this report	Note
							December 31,		2019		
							2017	2018			
Directly owned:											
Huayang Development Limited	October 9, 2018	Limited liability company	BVI	Investment holding	US\$50,000	US\$100	N/A	100%	100%	100%	(i)
Indirectly owned:											
Ganglong Development Group Limited	October 19, 2018	Limited liability company	Hong Kong	Investment holding	HK\$100	HK\$100	N/A	100%	100%	100%	(i)
江蘇港龍地產集團有限公司 Jiangsu Ganglong Realty Group Co., Ltd.	August 13, 2007	Limited liability company	PRC	Property development	US\$42,857,000	RMB152,643,265	100%	100%	100%	100%	(ii)
江蘇港龍名揚置業有限公司 Jiangsu Ganglong Mingyang Property Co., Ltd.	February 9, 2010	Limited liability company	PRC	Property development	US\$6,800,000	US\$5,000,000	100%	100%	100%	100%	(ii), (xii)
江蘇港龍華揚置業有限公司 Jiangsu Ganglong Huayang Property Co., Ltd.	November 20, 2012	Limited liability company	PRC	Property development	US\$53,061,000	US\$22,585,500	100%	100%	100%	100%	(i), (xii), (xv)
鹽城港龍房地產開發有限公司 Yancheng Ganglong Real Estate Development Co., Ltd.	August 17, 2010	Limited liability company	PRC	Property development	RMB200,000,000	RMB200,000,000	97.5%	100%	100%	100%	(iii)
江蘇港華置業有限公司 Jiangsu Ganghua Property Co., Ltd.	August 9, 2013	Limited liability company	PRC	Property development	RMB100,000,000	RMB100,000,000	100%	100%	100%	100%	(iv)
江蘇宗翹企業管理有限公司 Jiangsu Chongtong Enterprise Management Co., Ltd.	March 12, 2015	Limited liability company	PRC	Investment holding	RMB100,000,000	RMB100,000,000	100%	100%	100%	100%	(i)
常熟港華置業有限公司 Changshu Ganghua Property Co., Ltd.	January 4, 2016	Limited liability company	PRC	Property development	RMB100,000,000	RMB100,000,000	100%	100%	100%	100%	(iv)
連雲港市港華置業有限公司 Lianyungang Ganghua Property Co., Ltd.	May 16, 2016	Limited liability company	PRC	Property development	RMB75,000,000	RMB75,000,000	100%	100%	100%	100%	(v)
江蘇港運置業有限公司 Jiangsu Gangda Property Co., Ltd.	April 13, 2017	Limited liability company	PRC	Property development	RMB10,000,000	Nil	100%	100%	100%	100%	(i)
上海港興置業有限公司 Shanghai Gangxing Property Co., Ltd.	May 3, 2017	Limited liability company	PRC	Property development	RMB50,000,000	Nil	100%	100%	70%	70%	(i)
常州港聯置業有限公司 Changzhou Ganglian Property Co., Ltd.	June 5, 2017	Limited liability company	PRC	Property development	RMB10,000,000	Nil	100%	100%	100%	100%	(i)
江蘇港龍中揚置業有限公司 Jiangsu Ganglong Zhongyang Property Co., Ltd.	April 10, 2018	Limited liability company	PRC	Property development	RMB50,000,000	RMB50,000,000	N/A	100%	100%	100%	(ix), (xiv)
貴州港華置業有限公司 Guizhou Ganghua Property Co., Ltd.	May 21, 2018	Limited liability company	PRC	Property development	RMB100,000,000	RMB100,000,000	N/A	100%	100%	100%	(ix)
洛陽港龍置業有限公司 Luoyang Ganglong Property Co., Ltd.	November 26, 2013	Limited liability company	PRC	Property development	RMB10,000,000	RMB10,000,000	N/A	90%	90%	90%	(x), (xiv)
江蘇港豪置業有限公司 Jiangsu Ganghao Property Co., Ltd. (Note (b))	November 13, 2017	Limited liability company	PRC	Property development	RMB10,000,000	Nil	100%	100%	100%	100%	(i)
常州嘉昌置業有限公司 Changzhou Jiachang Property Co., Ltd.	June 5, 2017	Limited liability company	PRC	Property development	RMB10,000,000	Nil	100%	100%	100%	100%	(i)
江蘇港瑞置業有限公司 Jiangsu Gangrui Property Co., Ltd.	November 13, 2017	Limited liability company	PRC	Property development	RMB10,000,000	Nil	100%	100%	100%	100%	(i)
鹽城市響水港龍房地產開發有限公司 Yancheng Xiangshui Ganglong Real Estate Development Co., Ltd.	December 17, 2018	Limited liability company	PRC	Property development	RMB20,000,000	RMB20,000,000	N/A	100%	100%	100%	(i)
港龍(中國)地產集團有限公司 Ganglong (China) Realty Group Co., Ltd.	January 23, 2019	Limited liability company	PRC	Property development	RMB1,000,000,000	Nil	N/A	N/A	100%	100%	(i)
泰興市創和置業有限公司 Taixing Chuanghe Property Co., Ltd. (Note (b))	April 10, 2018	Limited liability company	PRC	Property development	RMB20,000,000	RMB20,000,000	N/A	33%	33%	33%	(vi), (xiv)
上海聯成企業管理有限公司 Shanghai Xiansheng Enterprise Management Co., Ltd. (Note (a))	February 27, 2018	Limited liability company	PRC	Property development	RMB100,000	Nil	N/A	50%	50%	50%	(i)

Name of companies*	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ issued capital	Paid up capital	Proportion of ownership interest			Upon completion of the reorganization and as of the date of this report	Note
							December 31,				
							2017	2018	2019		
湖州海王康山地產發展有限公司 Huzhou Haiwang Kangshan Realty Development Co., Ltd. (Note (a))	February 5, 2018	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	25%	25%	(vii), (xv)	
上海頌興企業管理有限公司 Shanghai Qixing Enterprise Management Co., Ltd. (Note (a))	April 12, 2018	Limited liability company	PRC	Property development	RMB1,000,000	Nil	N/A	50%	50%	(i), (xiv)	
湖州海王康山置業發展有限公司 Huzhou Haiwang Kangshan Property Development Co., Ltd. (Note (a))	October 24, 2017	Limited liability company	PRC	Property development	RMB200,000,000	RMB200,000,000	N/A	25%	25%	(vii), (xiv)	
杭州宸睿置業有限公司 Hangzhou Chenrui Property Co., Ltd. (Note (a))	August 10, 2018	Limited liability company	PRC	Property development	RMB40,000,000	RMB40,000,000	N/A	25%	25%	(vii), (xiv)	
上海聯田企業管理有限公司 Shanghai Xiangtian Enterprise Management Co., Ltd. (Note (a))	April 12, 2018	Limited liability company	PRC	Property development	RMB1,000,000	RMB1,000,000	N/A	50%	50%	(i), (xiv)	
上海崇明豫商房地產開發有限公司 Shanghai Chongming Yushang Real Estate Development Co., Ltd. (Note (a))	May 28, 2014	Limited liability company	PRC	Property development	RMB150,000,000	RMB20,000,000	N/A	50%	50%	(viii), (xv)	
蘇州拓仁企業管理有限公司 Suzhou Tuoren Enterprise Management Co., Ltd. (Note (a))	March 13, 2018	Limited liability company	PRC	Property development	RMB20,000,000	RMB2,000,000	N/A	50%	50%	(i), (xiv)	
淮安國創房地產開發有限公司 Huai'an Guochuang Real Estate Development Co., Ltd. (Note (a))	October 29, 2018	Limited liability company	PRC	Property development	RMB20,000,000	Nil	N/A	25%	25%	(i)	
江蘇通港弘置業有限公司 Jiangsu Tongganghong Property Co., Ltd. (Note (a))	February 25, 2019	Limited liability company	PRC	Property development	RMB100,000,000	RMB100,000,000	N/A	N/A	34%	(i), (xiv)	
南通港華置業有限公司 Nantong Ganghua Property Co., Ltd.	February 11, 2019	Limited liability company	PRC	Property development	RMB71,428,500	RMB71,428,500	N/A	N/A	70%	(i), (xiv)	
蘇州垠壹置業有限公司 Suzhou Yinyi Property Co., Ltd.	February 26, 2019	Limited liability company	PRC	Property development	RMB20,408,000	Nil	N/A	N/A	51%	(i)	
常州市凱鵬置業有限公司 Changzhou Kaiyong Property Co., Ltd.	April 30, 2019	Limited liability company	PRC	Property development	RMB20,000,000	Nil	N/A	N/A	51%	(i)	
常州全嘉置業有限公司 Changzhou Quanjia Property Co., Ltd.	April 15, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	(i)	
上海天弘置業有限公司 Shanghai Tianhong Property Co., Ltd. (Note (a))	April 26, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	50%	(i)	
上海玖奕置業有限公司 Shanghai Jiuyi Property Co., Ltd. (Note (b))	June 25, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	(i)	
紹興港興置業有限公司 Shaoxing Gangxing Property Co., Ltd. (Note (b))	June 24, 2019	Limited liability company	PRC	Property development	RMB100,000,000	Nil	N/A	N/A	70%	(i), (xiv)	
如東港瑞置業有限公司 Rudong Gangrui Property Co., Ltd.	June 28, 2019	Limited liability company	PRC	Property development	RMB50,000,000	Nil	N/A	N/A	51%	(i), (xiv)	
上海港軒置業有限公司 Shanghai Gangxuan Property Co., Ltd.	November 21, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	(i)	
南京港龍置業有限公司 Nanjing Ganglong Property Co., Ltd.	November 28, 2019	Limited liability company	PRC	Property development	RMB50,000,000	RMB500,000	N/A	N/A	100%	(i)	
上海港淞置業有限公司 Shanghai Gangsai Property Co., Ltd.	December 10, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	(i)	
上海港茗置業有限公司 Shanghai Gangming Property Co., Ltd.	December 10, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	(i)	
南京港弘房地產開發有限公司 Nanjing Ganghong Real Estate Development Co., Ltd.	December 4, 2019	Limited liability company	PRC	Property development	RMB100,000,000	RMB43,750,000	N/A	N/A	100%	50%	

Name of companies*	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ issued capital	Paid up capital	Proportion of ownership interest			Upon completion of the reorganization and as of the date of this report	Note
							December 31,				
							2017	2018	2019		
上海港樓置業有限公司 Shanghai Ganghui Property Co., Ltd.	December 24, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	100%	(i)
上海港明置業有限公司 Shanghai Gangpeng Property Co., Ltd.	December 24, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	100%	100%	(i)
常州港嘉置業有限公司 Changzhou Gangjia Property Co., Ltd.	August 6, 2019	Limited liability company	PRC	Property development	RMB350,000,000	RMB350,000,000	N/A	N/A	51%	40%	(i), (xiv)
如東港達置業有限公司 Rudong Gangda Property Co., Ltd.	July 25, 2019	Limited liability company	PRC	Property development	RMB50,000,000	RMB50,000,000	N/A	N/A	51%	51%	(i), (xiv)
蘇州瑞興房地產有限公司 Suzhou Ruixing Real Estate Co., Ltd. (Note (a))	September 4, 2019	Limited liability company	PRC	Property development	RMB100,000,000	RMB100,000,000	N/A	N/A	35%	35%	(i), (xiv)
紹興港同置業有限公司 Shaoxing Gangtong Property Co., Ltd. (Note (a)) (Note (b))	September 19, 2019	Limited liability company	PRC	Property development	RMB20,000,000	RMB20,000,000	N/A	N/A	50%	50%	(i), (xiv)
上海泰弘企業管理合夥企業(有限合伙) Shanghai Zhenhong Enterprise Management Partnership (Limited Partnership) (Note (b))	September 18, 2019	Limited partnership	PRC	Property development	N/A	N/A	N/A	N/A	100%	100%	(i)
上海美弘置業有限公司 Shanghai Meihong Property Co., Ltd. (Note (a)) (Note (b))	April 24, 2019	Limited liability company	PRC	Property development	RMB10,000,000	RMB10,000,000	N/A	N/A	39%	100%	(i), (xiv)
南翔歐利置業有限公司 Nantong Xinhe Property Co., Ltd. (Note (a))	September 26, 2019	Limited liability company	PRC	Property development	RMB10,000,000	Nil	N/A	N/A	28%	28%	(i)
港域(上海)置業有限公司 Gangyu (Shanghai) Property Co., Ltd.	July 17, 2019	Limited liability company	PRC	Property development	RMB50,000,000	Nil	N/A	N/A	60%	60%	(i)
泰州新江置業有限公司 Taizhou Gangxinjiang Property Co., Ltd.	December 9, 2019	Limited liability company	PRC	Property development	RMB200,000,000	Nil	N/A	N/A	60%	60%	(i)
東台瑞騰置業有限公司 Dongtai Jiteng Property Co., Ltd.	November 5, 2019	Limited liability company	PRC	Property development	US\$5,000,000	Nil	N/A	N/A	51%	51%	(i), (xiv)
上海斐隼企業管理合夥企業(有限合伙) Shanghai Fei Huan Enterprise Management Partnership (Limited Partnership) (Note (b))	November 27, 2019	Limited partnership	PRC	Property development	N/A	N/A	N/A	N/A	100%	50%	(i)

* The English names of PRC companies referred to above in this note represents management's best efforts in translating the Chinese names of those companies as no English name have been registered or available.

Note (a) The Group has controlled these companies through agreements entered into with certain non-controlling shareholders pursuant to which the Group has the right to make decision on relevant activities including but not limited to budget, pricing and promotion strategies of these companies. 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, these companies are thus accounted for as subsidiaries of the Group.

(b) The percentage of attributable equity interests presented is the beneficiary interests held by the Group. The equity interests in entities legally held by the Group are lower than the beneficiary interests because of the existence of Type II trust financing arrangements. Key terms of Type II arrangements are set out on pages 238 to 240 in this prospectus.

Notes:

- (i) *No audited financial statements have been prepared and issued for these entities for the years ended December 31, 2016, 2017 and 2018 as appropriate.*
- (ii) *The statutory financial statements for the years ended December 31, 2016, 2017 and 2018 prepared in accordance with Chinese accounting standards have been audited by 常州匯豐會計師事務所有限公司, a certified public accounting firm registered by in the PRC.*
- (iii) *The statutory financial statements for the years ended December 31, 2016, 2017 and 2018 prepared in accordance with Chinese accounting standards have been audited by 鹽城天方會計師事務所, a certified public accounting firm registered in the PRC.*
- (iv) *The statutory financial statements for the years ended December 31, 2016, 2017 and 2018 prepared in accordance with Chinese accounting standards have been audited by 江蘇新瑞會計師事務所有限公司, a certified public accounting firm registered in the PRC.*
- (v) *The statutory financial statements for the period ended December 31, 2016, prepared in accordance with Chinese accounting standards have been audited by 江蘇天凱會計師事務所有限公司, a certified public accounting firm registered in the PRC.*
- (vi) *The statutory financial statements for the period ended December 31, 2018 prepared in accordance with Chinese accounting standards have been audited by 泰州祥瑞佳誠聯合會計師事務所, a certified public accounting firm registered in the PRC.*
- (vii) *The statutory financial statements for the period ended December 31, 2018 prepared in accordance with Chinese accounting standards have been audited by 北京永拓會計師事務所, a certified public accounting firm registered in the PRC.*
- (viii) *The statutory financial statements for the year ended December 31, 2018 prepared in accordance with Chinese accounting standards have been audited by 瑞華會計師事務所, a certified public accounting firm registered in the PRC.*
- (ix) *The statutory financial statements for the period ended December 31, 2018 prepared in accordance with Chinese accounting standards have been audited by 常州匯豐會計師事務所有限公司, a certified public accounting firm registered in the PRC.*
- (x) *The statutory financial statements for the year ended December 31, 2018 prepared in accordance with Chinese accounting standards have been audited by 河南凱橋會計師事務所有限公司, a certified public accounting firm registered in the PRC.*
- (xi) *All companies comprising the Group have adopted December 31, as their financial year end.*
- (xii) *Prior to the Reorganization, pursuant to the resolution of the then shareholders of this company on October 12, 2016, the paid up capital was reduced by RMB44,022,000 and paid to the shareholders, resulting a decrease of other reserve for the same amount.*
- (xiii) *Prior to the Reorganization, pursuant to the resolution of the then shareholders of this company on October 20, 2016, the paid up capital was increased by RMB43,483,000 through capital injection by the then shareholders, resulting an increase of other reserve for the same amount.*
- (xiv) *During the years ended December 31, 2018 and 2019, the non-controlling interests of the companies injected RMB144,398,000 and RMB482,117,000 in cash, respectively, into these companies as capital contribution.*
- (xv) *As of December 31, 2018 and 2019, the share capital of these companies were pledged for the Group's borrowings (Note 21).*

33 ACQUISITION OF SUBSIDIARIES**(a) Acquisition of Luoyang Ganglong Property Co., Ltd. (“Luoyang Ganglong”)**

On April 20, 2018, the Group acquired 90% of the issued share capital of Luoyang Ganglong, a property development company, for a consideration of RMB1,361,000 in cash. The principal assets of Luoyang Ganglong Property Co., Ltd. are properties under development (mainly consist of land use rights) and accordingly, the transactions have been accounted for as an acquisition of assets.

The following table summarizes the consideration paid for the acquisition and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

	<u>April 20, 2018</u>
	<u>RMB'000</u>
Purchase consideration	
Cash paid	1,361
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property under development	57,275
Other receivables	13,452
Cash and cash equivalents	1
Other payables	(69,216)
Net identifiable assets acquired	1,512
Less: non-controlling interests	(151)
Net assets acquired	<u>1,361</u>
Net cash outflow arising from acquisition of subsidiaries	
Cash paid	(1,361)
Cash and cash equivalents acquired	1
Net outflow of cash – investing activities	<u>(1,360)</u>

(b) Acquisition of Shanghai Chongming Yushang Real Estate Development Co., Ltd. (“Shanghai Chong Ming”)

On September 25, 2018, the Group acquired 50% of the issued share capital of Shanghai Chong Ming, a property development company, for a consideration of RMB200,500,000 in cash. The principal assets of Shanghai Chongming Yushang Real Estate Development Co., Ltd are properties under development (mainly consist of land use rights) and property, plant and equipment and accordingly, the transactions have been accounted for as an acquisition of assets.

The following table summarizes the consideration paid for the acquisition and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

	September 25, 2018
	RMB'000
Purchase consideration	
Cash paid	200,500
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	107
Property under development	1,005,839
Other receivables	6,736
Cash and cash equivalents	5,114
Other payables	(572,306)
Borrowings	(240,000)
Net identifiable assets acquired	205,490
Less: non-controlling interests	(4,990)
Net assets acquired	200,500
Net cash outflow arising from acquisition of subsidiaries	
Cash paid	(200,500)
Cash and cash equivalents acquired	5,114
Net outflow of cash – investing activities	(195,386)

34 EVENTS AFTER THE BALANCE SHEET DATE

On June 20, 2020, the authorized share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of HK\$0.01 each to rank pari passu in all respects with the existing shares.

After the outbreak of Coronavirus Disease 2019 (“**COVID-19 outbreak**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As of the date of this report, the Group is closely monitoring the impacts on operation and financial status of the Group as a result of the COVID-19 outbreak.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2019 and up to the date of this report. No dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2019.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the equity holders of the Company as of December 31, 2019 as if the Global Offering had taken place on December 31, 2019.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group had the Global Offering been completed as at December 31, 2019 or at any future dates following the Global Offering.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at December 31, 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at December 31, 2019	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	(Note 1) RMB'000	(Note 2) RMB'000	RMB'000	(Note 3) RMB	(Note 4) HK\$
Based on an Offer Price of HK\$3.24 per Share after a Downward Offer Price Adjustment of approximately 10%	<u>1,243,531</u>	<u>1,116,852</u>	<u>2,360,383</u>	<u>1.48</u>	<u>1.62</u>
Based on an Offer Price of HK\$3.60 per Share	<u>1,243,531</u>	<u>1,243,319</u>	<u>2,486,850</u>	<u>1.55</u>	<u>1.69</u>
Based on an Offer Price of HK\$4.10 per Share	<u>1,243,531</u>	<u>1,418,969</u>	<u>2,662,500</u>	<u>1.66</u>	<u>1.81</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at December 31, 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at December 31, 2019 of approximately RMB1,243,531,000 as the Group has no intangible assets as at December 31, 2019.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$3.60 and HK\$4.10 per Share, being the low and high end of the indicative Offer Price range, respectively, and also based on an Offer Price of HK3.24 per Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB20,821,000 which have been accounted for in the consolidated statements of comprehensive income of the Group prior to December 31, 2019) paid/payable by the Company, and takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandate given to the Directors for allotment and issue of Shares and the repurchase mandate as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,600,000,000 Shares were in issue, assuming that the Global Offering and Capitalisation Issue have been completed on December 31, 2019 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the general mandate given to the Directors for allotment and issue of Shares and the repurchase mandate as described in the section headed "Share Capital" in this prospectus.
- (4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.0000 to HK\$1.0930, as set out in "Information about this Prospectus and the Global Offering" to this document. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2019.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Ganglong China Property Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ganglong China Property Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at December 31, 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated June 29, 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at December 31, 2019 as if the proposed initial public offering had taken place at December 31, 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended December 31, 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at December 31, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, June 29, 2020

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Prospectus received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the values of the property interests of our Group as of March 31, 2020.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

29 June 2020

The Directors
Ganglong China Property Group Limited
6/F,
No. 1–4, Lane 1398, Shenchang Road,
Minhang District,
Shanghai City,
the PRC

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions from Ganglong China Property Group Limited (the “Company”) for us to value the properties in which the Company or its subsidiaries (collectively the “Group”) has interests in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation report), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as of March 31, 2020 (the “valuation date”).

Valuation Basis

Our valuation of each of the properties represents its market value which in accordance with the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors 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 confirm that the valuations are undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors.

Our valuation of each of the properties is on an entirety interest basis.

Valuation Assumptions

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the properties, we have relied on the information and advice given by the Company's legal adviser, Jingtian & Gongcheng, regarding the titles to the properties and the interests of the Company in the properties in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any grant fee payable has already been fully paid.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals, and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation report. We have assumed that all consents, approvals, and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses 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 any onerous nature which could affect their values.

Methods of Valuation

In valuing the properties in Group I, which are held by the Group for sale in the PRC, we have mainly used Market Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors. This method is in line with market practice.

In valuing the properties in Group II, which are held by the Group under development in the PRC, we have valued each of these properties on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals, and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuations, we have adopted Market Comparison Method by making reference to comparable sales transactions as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The "development value as if completed" represents our opinion of the aggregate selling prices of a development assuming that it was completed as of the valuation date.

In valuing the properties in Group III, which are held by the Group for future development in the PRC, we have valued each of the properties on the basis that all consents, approvals, and licences from relevant government authorities for the properties have been obtained without onerous conditions or delays. In arriving at our valuations, we have adopted Market Comparison Method by making reference to comparable sales evidence as available in the relevant market, or where appropriate, we have also taken into account the expended construction costs, if any.

In valuing properties in Group IV, which are held by the Group for investment purpose in the PRC, we have mainly used Investment Method by capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the properties at appropriate capitalisation rates.

When using Investment Method, we have mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of properties of similar use type in the relevant localities subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standard, size, time and other relevant factors. Comparable letting evidence in the relevant market is adequate.

The capitalisation rates adopted in our valuations are based on our analyzes of the yields of properties of similar use types after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

Source of Information

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 planning approvals, statutory notices, easements, tenures, identification of land and buildings, date of completion of buildings, particulars of occupancy, tenancy details, site and floor areas, site and floor plans, number of parking spaces, total and expended development costs, pre-sale statuses, interests attributable to the Group and all other relevant matters.

Dimensions, measurements, and areas included in the valuation report are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would, therefore, advise you to make reference to the original Chinese editions of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with copies of the title documents relating to the properties in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group or the Company's legal adviser regarding the interests of the Group in the properties in the PRC.

Site Inspection

Ms. Vikki Fang, Ms. Sharon Shen, Ms. Cici Yang and Ms. Lindsay Zou of our Hangzhou office, Mr. Kevin Li and Mr. Peng Wang of our Nanjing office, Mr. Tyler Chen, Ms. Susie Li, Mr. Rick Sun, Ms. Joyce Tao, Ms. Jun Wang and Ms. Nicola Zhou of our Shanghai office, Ms. Rachel Li of our Shenzhen office, and Ms. Bella Zhang of our Zhengzhou office, inspected the exterior and, wherever possible, the interior of the properties in between August 2019 and March 2020.

We have not carried out investigations on-site to determine the suitability of the soil conditions and the services etc. of the properties for any development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period.

Moreover, no structural survey of the existing buildings has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not been able to carry out the on-site measurement to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuations are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We enclose herewith a summary of valuations and valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS(GP)
Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Registered Professional Surveyor who has over 25 years' experience in the valuation of properties in the PRC and Hong Kong. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
Group I – Completed properties held by the Group for sale in the PRC			
1. The unsold portion of Ganglong Bauhinia Residence, south of Dongfang East Road and east of Huafeng Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 東方東路以南、華豐路以東 港龍紫荊城之未售部份)	28,600,000	100	28,600,000
2. The unsold portion of Hua Qiao Xin Cheng, 636 Xindu Road, Fucai Village, Yandu New District, Yancheng City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 鹽城市 鹽都新區 福才村 新都路636號 華僑新城之未售部份)	22,000,000	100	22,000,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
<p>3. The unsold portion of The Hong Kong Masterpiece Phase I and Phase II, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC</p> <p>(中華人民共和國 江蘇省 常州市 武進區 東城路以西、東方二路以北 新港城第一期及第二期之未售部份)</p>	32,000,000	100	32,000,000
<p>4. The unsold portion of Xiang Yu Hua Ting Phase I, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC</p> <p>(中華人民共和國 江蘇省 常熟市 海虞鎮 海棠路以東、迎賓路以南 香語華庭第一期之未售部份)</p>	4,300,000	100	4,300,000
<p>5. The unsold portion of Xiang Yu Hua Ting Phase II, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC</p> <p>(中華人民共和國 江蘇省 常熟市 海虞鎮 海棠路以東、迎賓路以南 香語華庭第二期之未售部份)</p>	8,400,000	100	8,400,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
6. The unsold portion of Jing Shan Xiu Shui, south of Haining Road and west of Yuzhou Road, Haizhou District, Lianyungang City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 連雲港市 海州區 海寧路以南、郁洲路以西 景山秀水之未售部份)	169,000,000	100	169,000,000
7. The unsold portion of The Hong Kong Masterpiece Phase III.1, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 東城路以西、 東方二路以北 新港城第III.1之未售部份)	710,000,000	100	710,000,000
Sub-total of Group I:	<u>974,300,000</u>		<u>974,300,000</u>

Property	Market value in existing state as of March 31, 2020	Interest attributable to the Group	Market value in existing state attributable to the Group as of March 31, 2020	
	(RMB)	(%)	(RMB)	
Group II – Properties held by the Group under development in the PRC				
8.	The property under construction known as The Hong Kong Masterpiece Phase III.2 and Phase IV, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 東城路以西、東方二路以北 新港城第III.2期及第四期之在建部份)	838,000,000	100	838,000,000
9.	The property under construction known as Xiang Yu Hua Ting Phase III, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常熟市 海虞鎮 海棠路以東、迎賓路以南 香語華庭第三期之在建部份)	455,000,000	100	455,000,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
10. The property under construction known as Xiang Lan Hua Ting, north of Yingbin Road and west of Gengjing Pond, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常熟市 海虞鎮 迎賓路以北、耿涇塘以西 香瀾華庭之在建部份)	150,000,000	100	150,000,000
11. The property under construction known as Ziyu Mansion, east of Shuntong Road and south of Gongyuan Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 順通路以東、公園路以南 紫御府之在建部份)	441,000,000	100	441,000,000

Property	Market value in existing state as of March 31, 2020	Interest attributable to the Group	Market value in existing state attributable to the Group as of March 31, 2020
	(RMB)	(%)	(RMB)
12. The property under construction known as Ganglong – Park Mansion Phase 1.1, Wetland Park District, Panzhou City, Guizhou Province, the PRC (中華人民共和國 貴州省 盤州市 濕地公園片區 港龍•東湖桃源第1.1期之在建部份)	251,000,000	100	251,000,000
13. The property under construction known as Ganglong – Park Mansion Phase 2.1, Wetland Park District, Panzhou City, Guizhou Province, the PRC (中華人民共和國 貴州省 盤州市 濕地公園片區 港龍•東湖桃源第2.1期之在建部份)	367,000,000	100	367,000,000
14. The property under construction known as Mansion Grand, Luoji Highway North, Liuzhai Village, Zhaoyang Town, Mengjin County, Luoyang City, Henan Province, the PRC (中華人民共和國 河南省 洛陽市 孟津縣 朝陽鎮 劉寨村 洛吉快速路北 雍河尚院之在建部份)	310,000,000	90	279,000,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
15. The property under construction known as Ganglong Capital, east of Jinhai Road and south of Huanghe Road, Xiangshui County, Yancheng City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 鹽城市 響水縣 金海路東側、黃河路南側 港龍首府之在建部份)	500,000,000	100	500,000,000
16. The property under construction known as Unique Summer Mansion, south of Wenchang East Road and west of Ketai road, Taixing City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 泰興市 文昌東路以南、科太路以西 桃源府之在建部份)	815,000,000	33	268,950,000
17. The property under construction known as Zha Xi Taoyuan, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中華人民共和國 浙江省 湖州市 吳興區 霅溪桃源之在建部份)	811,000,000	25	202,750,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
18. The property under construction known as Jiangnan Taoyuan, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中華人民共和國 浙江省 湖州市 吳興區 江南桃源之在建部份)	537,000,000	25	134,250,000
19. The property under construction known as Qiu Shi Chen Yue, Lujiaqiao Village, Chongxian Sub-district, Yuhang District, Hangzhou City, Zhejiang Province, the PRC (中華人民共和國 浙江省 杭州市 餘杭區 崇賢街道 陸家橋村 秋實宸悅之在建部份)	849,000,000	25	212,250,000
20. The property under construction known as Shan Shui Shi Jian, Chenjian Town 24 Jiefang Land Parcel 25/7, Chenjia Town, Chongming District, Shanghai City, the PRC (中華人民共和國 上海市 崇明區 陳家鎮 陳家鎮24街坊 25/7丘 山水拾間之在建部份)	1,424,000,000	50	712,000,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
21. The property under construction known as Sunac Plaza, south of Yan'an East Road and west of Tianjing Road, Qingjiangpu District, Huai'an City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 淮安市 清江浦區 延安東路南側、天津路西側 融創廣場之在建部份)	1,750,000,000	25.5	446,250,000
22. The property under construction known as Guan Tang Fu, north of Yanzhen Road and east of Houde Road, Yandu District, Yancheng City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 鹽城市 鹽都區 鹽枕路北側、厚德路東側 觀棠府之在建部份)	972,000,000	34	330,480,000
23. The property under construction known as Hanlin Capital, 8 East Hebin Road, Hai'an City, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 海安市 河濱路8號 翰林首府之在建部份)	1,145,000,000	70	801,500,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
24. The property under construction known as Long Yue Fu, east of Libai Road, south of Baixing Road and west of Limao Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 禮百路東側、 百興路南側、 禮毛路以西 龍悅府之在建部份)	297,000,000	51	151,470,000
25. The property under construction known as Ganglong – Bo Yue Fu, Shangyu District, Shaoxing City, Zhejiang Province, the PRC (中華人民共和國 浙江省 紹興市 上虞區 港龍•鉞樾府之在建部份)	1,024,000,000	69.96	716,390,400
26. The property under construction known as Chen Yuan, north of Fuchunjiang Road and east of Huangshan Road, Rudong County, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 如東縣 富春江路北側、黃山路西側 晨園之在建部份)	606,000,000	51	309,060,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
27. The property under construction known as Long Chen Ming Zhu, west of Shuntong Road and south of Feng'an River, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 順通路西側、葑岸河南側 龍宸銘著之在建部分)	688,000,000	40	275,200,000
28. The property under construction known as Xi Yue, 399 Changjiang Road, north of Zhujiang Road and west of Zhongshan Road, Rudong County, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 如東縣 珠江路北側、中山路西側 長江路399號 熙悅之在建部分)	401,000,000	51	204,510,000
29. The property under construction known as Tang Yue Ming Zhu, south of Tonggang Road and west of Taishan Road, Longteng District, Changshu City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常熟市 龍騰片區 通港路南側、 台山路西側 棠悅名築之在建部分)	1,585,000,000	34.9	553,165,000

Property	Market value in existing state as of March 31, 2020	Interest attributable to the Group	Market value in existing state attributable to the Group as of March 31, 2020
	(RMB)	(%)	(RMB)
30. The property under construction known as Jun Wang Mei Ting, Wuxing Middle Road, Cao'e Sub-district, Shangyu Economic Development Zone, Shaoxing City, Zhejiang Province, the PRC (中華人民共和國 浙江省 紹興市 上虞經濟開發區 曹娥街道 五星中路 君望美庭之在建部分)	1,570,000,000	50	785,000,000
31. The property under construction known as Taoyuan Li, south of Hebin Road and west of Xin'an Road, Hai'an City, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 海安市 河濱路南側、 新安路西側 桃源里之在建部分)	427,000,000	28	119,560,000
32. The property under construction known as River of Mansion, south of Puwu Road and west of Nanwan Street Qiaolin Sub-district, Pukou District, Nanjing City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南京市 浦口區 橋林街道 浦烏路以南、南灣街以西 時光泊月園之在建部分)	269,000,000	50	134,500,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
33. The property under construction known as Hanlin Fu Huayuan, west of Hailing Road and south of Haijun Road, Yiyao High-tech Industrial Development Zone, Taizhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 泰州市 醫藥高新區 海陵南路西側、海軍大道南側 翰林府花園之在建部分)	864,000,000	60	518,400,000
Sub-total of Group II:	<u>19,346,000,000</u>		<u>10,156,685,400</u>

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
Group III – Properties held by the Group for future development in the PRC			
34. The development site for the proposed development known as Chun Xi Ji, east of Fangong Road and north of Weier Road, Dongtai City, Yancheng City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 鹽城市 東台市 范工路東側、緯二路北側 春溪集之待開發土地)	269,000,000	51	137,190,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
35. The development site for the proposed development known as Ganglong Lakeside Mansion, south of Yuanqiao Road and east of Dongying Road, Dongjiao Village, Jiuting Sub-district, Yixing City, Wuxi City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 無錫市 宜興市 屺亭街道 東郊村 袁橋路南側、東沭大道東側 港龍·湖光瓏樾之待開發土地)	688,000,000	100	688,000,000
36. The development site for the proposed development known as Nature Image, south of Beijing Road and east of Jianghai Road, Haimen City, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 海門市 北京路南側、江海路東側 泊翠瀾境之待開發土地)	No commercial value	100	No commercial value
Sub-total of Group III:	<u>957,000,000</u>		<u>825,190,000</u>

Property	Market value in existing state as of March 31, 2020	Interest attributable to the Group	Market value in existing state attributable to the Group as of March 31, 2020
	(RMB)	(%)	(RMB)
Group IV – Completed properties held by the Group for investment in the PRC			
37. Various retail units of Ganglong Hua Ting, west of Administrative Centre, Zhonglou District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 鐘樓區 行政中心以西 港龍華庭之數個商業單元)	44,200,000	100	44,200,000
38. Various retail units of Ganglong Shang Ceng, 18 South Tongjiang Road, Zhonglou District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 鐘樓區 通江南路18號 港龍尚層之數個商業單元)	66,100,000	100	66,100,000
39. Various retail units of Ganglong Bauhinia Residence, south of Dongfang East Road and east of Huafeng Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 東方東路以南、 華豐路以東 港龍紫荊城之數個商業單元)	5,100,000	100	5,100,000

Property	Market value in existing state as of March 31, 2020 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as of March 31, 2020 (RMB)
40. Various retail units of The Hong Kong Masterpiece, west of Dongceng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常州市 武進區 東城路以西、 東方二路以北 新港城之數個商業單元)	55,400,000	100	55,400,000
Sub-total of Group IV:	<u><u>170,800,000</u></u>		<u><u>170,800,000</u></u>
Grand Total:	<u><u>21,448,100,000</u></u>		<u><u>12,126,975,400</u></u>

VALUATION REPORT

Group I – Completed properties held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
1. The unsold portion of Ganglong Bauhinia Residence, south of Dongfang East Road and east of Huafeng Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區東方東路以南、華豐路以東港龍紫荊城之未售部份)	The property comprises the unsold portion of a residential development known as Ganglong Bauhinia Residence erected on a parcel of land with a total site area of approximately 43,510.0 sq.m. The development was completed in 2014. The property comprises 353 unsold car parking spaces with a total gross floor area of 9,467.96. The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on June 8, 2080 for residential use.	As of the valuation date, the property was held for sale.	RMB28,600,000 (RENMINBI TWENTY EIGHT MILLION SIX HUNDRED THOUSAND) (100% interest attributable to the Group: RMB28,600,000)

Notes:

- (1) According to Certificate for the Use of State-owned Land Chang Guoyong (2010) No. 0414061 issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on September 30, 2010, the land use rights of the parcel of land with a site area of 43,510.0 sq.m. upon which the property is erected have been vested in Jiangsu Ganglong Mingyang Property Co., Ltd. (江蘇港龍名揚置業有限公司) (a wholly owned subsidiary of the Company) for a term of 70 years due to expire on June 8, 2080 for residential use.
- (2) According to Changzhou City Pre-sale Permit of Commodity Property (2014) Fang Yushou Zheng No. 092 issued by Changzhou Municipal Bureau of Housing Security and Management (常州市住房保障和房產管理局) on November 4, 2014, the development has a total of 705 car parking spaces permitted for pre-sale.
- (3) According to Business Licence No. 320483000201701110422 issued by Changzhou City Wujin District Administration for Industry and Commerce (常州市武進區市場監督管理局) on January 11, 2017, Jiangsu Ganglong Mingyang Property Co., Ltd. (江蘇港龍名揚置業有限公司) (Unified Social Credit Code No.: 91320412550240594A) has been established as a limited company (Taiwan, Hong Kong or Macau and domestic joint venture) with a registered capital of USD5,000,000.
- (4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Jiangsu Ganglong Mingyang Property Co., Ltd. (江蘇港龍名揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Changzhou City Pre-sale Permit of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
2. The unsold portion of Hua Qiao Xin Cheng, 636 Xindu Road, Fucui Village, Yandu New District, Yancheng City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 鹽城市 鹽都新區 福才村 新都路636號 華僑新城之未售部份)	The property comprises the unsold portion of a composite development known as Hua Qiao Xin Cheng erected on a parcel of land with a total site area of approximately 42,170 sq.m. The property was completed in 2019. The property comprises the unsold townhouses, retail units, 140 car parking spaces with a total gross floor area of approximately 5,249.82 sq.m. The breakdown of the gross floor area is as shown: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>Townhouses</td> <td>272.93</td> <td>-</td> </tr> <tr> <td>Retail</td> <td>612.85</td> <td>-</td> </tr> <tr> <td>Car parks</td> <td>-</td> <td>4,364.04</td> </tr> <tr> <td>Total</td> <td>885.78</td> <td>4,364.04</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	Townhouses	272.93	-	Retail	612.85	-	Car parks	-	4,364.04	Total	885.78	4,364.04	As of the valuation date, the property was vacant and held for sale.	RMB22,000,000 (RENMINBI TWENTY TWO MILLION) (100% interest attributable to the Group: RMB22,000,000)
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
Townhouses	272.93	-																		
Retail	612.85	-																		
Car parks	-	4,364.04																		
Total	885.78	4,364.04																		

The property is situated at Fucui Village in Yandu New District, which is at the city centre of Yancheng City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for terms of 70 years due to expire on September 26, 2086 for residential use and 40 years due to expire on September 26, 2056 for commercial use.

Notes:

- (1) According to Real Estate Title Certificate Su (2016) Yancheng Shi Budongchanquan No. 0040425 issued by Yancheng Municipal Bureau of Land Resource (鹽城市國土資源局) on October 9, 2016, the land use rights of the parcel of land with a site area of 42,170 sq.m. upon which the property is being erected have been vested in Yancheng Ganglong Real Estate Development Co., Ltd. (鹽城港龍房地產開發有限公司) for terms of 70 years due to expire on September 26, 2086 for residential use and 40 years due to expire on September 26, 2056 for commercial use.
- (2) According to 7 Yancheng City Pre-sale Permits of Commodity Property issued by Yancheng Municipal Bureau of Housing Security and Management (鹽城市住房保障和房產管理局) on various dates and as advised by the Group, the development has a total of 552 high-rise residential units, 200 multi-storey apartments, 51 retail units and 878 car parking spaces have been permitted for pre-sale.
- (3) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 318.37 sq.m. have been committed for sale at a total consideration of approximately RMB3,595,288 (exclusive of VAT) but were yet to be delivered. We have included such portions and taken into account the consideration in our valuation.
- (4) According to Business Licence No. 320928000201712120033 issued by Yancheng City Yandu District Administration for Industry and Commerce (鹽城市鹽都區市場監督管理局) on December 12, 2017, Yancheng Ganglong Real Estate Development Co., Ltd. (鹽城港龍房地產開發有限公司) (Unified Social Credit Code No.: 9132090356029772X0) has been established as a limited company with a registered capital of RMB100,000,000.
- (5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Yancheng Ganglong Real Estate Development Co., Ltd. (鹽城港龍房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;

- (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Yancheng City Pre-sale Permits of Commodity Property.....	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020														
3. The unsold portion of The Hong Kong Masterpiece Phase I and Phase II, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區東城路以西、東方二路以北新港城第一期及第二期之未售部份)	The property comprises the unsold portion in Phase I and Phase II of a composite development known as The Hong Kong Masterpiece erected on parcels of land with a total site area of approximately 59,062.38 sq.m. The development was completed in 2018. The property comprises an unsold high-rise residential unit and 376 car parking spaces in Phase I and Phase II of The Hong Kong Masterpiece with a total gross floor area of approximately 11,210.75 sq.m. for residential or commercial use. The breakdown of the gross floor area is as shown:	As of the valuation date, the property was vacant and held for sale.	RMB32,000,000 (RENMINBI THIRTY TWO MILLION) (100% interest attributable to the Group: RMB32,000,000)														
	<table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>120.99</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>11,089.76</td> </tr> <tr> <td>Total</td> <td>120.99</td> <td>11,089.76</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	120.99	–	Car parks	–	11,089.76	Total	120.99	11,089.76		
Use	Gross floor area (sq.m.)																
	Above-ground	Underground															
High-rise residential	120.99	–															
Car parks	–	11,089.76															
Total	120.99	11,089.76															

The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of Phase I of the development have been granted for a term of 70 years due to expire on December 29, 2082 for residential use. The land use rights of Phase II of the development have been granted for terms of 70 years due to expire on October 21, 2083 for residential use and 40 years due to expire on October 21, 2053 for commercial use.

Notes:

- (1) According to 2 Certificates for the Use of State-owned Land issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on various dates, the land use rights of the parcels of land with a total site area of 59,062.38 sq.m. upon which the property is erected have been vested in Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) (a wholly owned subsidiary of the Company) with details as follows:

Certificate No.	Phase	Issue Date	Use	Expiry date of land use terms	Site area (sq.m.)
Chang Guoyong (2013) No. 11981	I	March 14, 2013	Residential	December 29, 2082	53,675.16
Chang Guoyong (2013) No. 59316	II	December 23, 2013	Residential; Commercial	Residential: October 21, 2083; Commercial: October 21, 2053	5,387.22
				Total:	59,062.38

- (2) According to 2 Changzhou City Pre-sale Permits of Commodity Property issued by Changzhou Municipal Bureau of Housing Security and Management (常州市住房保障和房產管理局) on various dates, various residential units were permitted for pre-sale.
- (3) According to Changzhou City Pre-sale Permit of Commodity Property Chang Wu (2016) Fang Yushou Zheng No. (019) issued by Changzhou Municipal Bureau of Housing Security and Management (常州市住房保障和房產管理局) on March 18, 2016, Phase I of the development has a total of 639 car parking spaces permitted for pre-sale.
- (4) According to Business Licence No. 320483000201711160119 issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) on November 16, 2017, Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) (Unified Social Credit Code No.: 913204120566205325) has been established as a limited company (Taiwan, Hong Kong or Macau and domestic joint venture) with a registered capital of USD26,000,000.
- (5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Certificates for the Use of State-owned Land	Yes
Changzhou City Pre-sale Permits of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
4. The unsold portion of Xiang Yu Hua Ting Phase I, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國江蘇省常熟市海虞鎮海棠路以東、迎賓路以南香語華庭第一期之未售部份)	The property comprises the unsold portion in Phase I of a residential development known as Xiang Yu Hua Ting erected on a parcel of land with a total site area of approximately 60,221.00 sq.m. The property was completed in 2018. The property comprises the unsold 3 multi-storey apartments in Phase I of Xiang Yu Hua Ting with a total gross floor area of approximately 423.93 sq.m. for residential use. The property is situated at Haiyu Town, which is 12 km north of the city centre of Changshu City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on May 23, 2086 for residential use.	As of the valuation date, the property was vacant and held for sale.	RMB4,300,000 (RENMINBI FOUR MILLION THREE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB4,300,000)

Notes:

- (1) According to 2 Real Estate Title Certificates Nos. (2017)0016107 and (2017)0016212 issued by Changshu Municipal Bureau of Land Resource (常熟市國土資源局) dated April 19, 2017, the land use rights of the parcel of land with a site area of 60,221.00 sq.m. upon which the property is being erected have been vested in Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) (a wholly owned subsidiary of the Company) for a term of 70 years due to expire on May 23, 2086 for residential use.
- (2) According to Changshu City Pre-sale Permit of Commodity Property Chang Fang Yushou Zi (2016) No. 078 issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on September 30, 2016, various residential units were permitted for pre-sale.
- (3) According to Business Licence No. 320581000201601040340 issued by Changshu Municipal Market Supervision Administration (常熟市市場監督管理局) on January 4, 2016, Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) (Unified Social Credit Code No.: 91320581MA1ME04A27) has been established as a limited company with a registered capital of RMB100,000,000.
- (4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Changshu City Pre-sale Permit of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
5. The unsold portion of Xiang Yu Hua Ting Phase II, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國江蘇省常熟市海虞鎮海棠路以東、迎賓路以南香語華庭第二期之未售部份)	The property comprises the unsold portion of Phase II of a residential development known as Xiang Yu Hua Ting erected on a parcel of land with a total site area of approximately 60,221.00 sq.m. The property was completed in 2019. The property comprises the unsold various multi-storey apartments with a total gross floor area of approximately 843.42 sq.m. for residential use. The property is situated at Haiyu Town, which is 12 km north of the city centre of Changshu City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on May 23, 2086 for residential use.	As of the valuation date, the property was vacant and held for sale.	RMB8,400,000 (RENMINBI EIGHT MILLION FOUR HUNDRED THOUSAND) (100% interest attributable to the Group: RMB8,400,000)

Notes:

- (1) According to 2 Real Estate Title Certificates Nos. (2017)0016107 and (2017)0016212 issued by Changshu Municipal Bureau of Land Resource (常熟市國土資源局) dated April 19, 2017, the land use rights of the parcel of land with a site area of 60,221.00 sq.m. upon which the property is being erected have been vested in Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) (a wholly owned subsidiary of the Company) for a term of 70 years due to expire on May 23, 2086 for residential use.
- (2) According to Changshu City Pre-sale Permit of Commodity Property Chang Fang Yushou Zi (2017) No. (030) issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on September 29, 2017 and as advised by the Group, as of the valuation date, Phase II of the development has a total of 216 multi-storey apartments permitted for pre-sale.
- (3) According to Business Licence No. 320581000201601040340 issued by Changshu Municipal Market Supervision Administration (常熟市市場監督管理局) on January 4, 2016, Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) (Unified Social Credit Code No.: 91320581MA1ME04A27) has been established as a limited company with a registered capital of RMB100,000,000.
- (4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Changshu City Pre-sale Permit of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
6.	The unsold portion of Jing Shan Xiu Shui, south of Haining Road and west of Yuzhou Road, Haizhou District, Lianyungang City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 連雲港市 海州區 海寧路以南、 郁洲路以西 景山秀水之未售部份)	The property comprises the unsold portion of a composite development known as Jing Shan Xiu Shui erected on a parcel of land with a total site area of approximately 53,063.00 sq.m. The property was completed in 2019. The property comprises the unsold residential units, retail units and 60 car parking spaces with a total gross floor area of approximately 11,830.42 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>1,327.50</td> <td>–</td> </tr> <tr> <td>Townhouses</td> <td>2,210.47</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>5,930.69</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>2,361.76</td> </tr> <tr> <td>Total</td> <td>9,468.66</td> <td>2,361.76</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	1,327.50	–	Townhouses	2,210.47	–	Retail	5,930.69	–	Car parks	–	2,361.76	Total	9,468.66	2,361.76	As of the valuation date, the property was vacant and held for sale. RMB169,000,000 (RENMINBI ONE HUNDRED SIXTY NINE MILLION) (100% interest attributable to the Group: RMB169,000,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
High-rise residential	1,327.50	–																					
Townhouses	2,210.47	–																					
Retail	5,930.69	–																					
Car parks	–	2,361.76																					
Total	9,468.66	2,361.76																					

The property is situated in Haizhou District, which is at the city centre of Lianyungang City. Developments in the vicinity comprise mainly residential developments and government offices.

The land use rights of the property have been granted for terms of 70 years due to expire on October 19, 2086 for residential use and 40 years due to expire on October 19, 2056 for commercial use.

Notes:

- (1) According to 2 Real Estate Title Certificates issued by Lianyungang Municipal Bureau of Land Resource (連雲港市國土資源局) on November 22, 2016, the land use rights of the parcels of land with a total site area of 53,063.00 sq.m. upon which the property is being erected have been vested in Lianyungang Ganghua Property Co., Ltd. (連雲港市港華置業有限公司) (a wholly owned subsidiary of the Company) with details as follows:

Certificate No.	Issue Date	Use	Expiry date of land use terms	Site area (sq.m.)
Su (2016) Lianyungang Shi Budongchanquan No. 0024643.	November 22, 2016	Residential/ Commercial	Residential: October 19, 2086 Commercial: October 19, 2056	28,244.00
Su (2016) Lianyungang Shi Budongchanquan No. 0024644.	November 22, 2016	Residential/ Commercial	Residential: October 19, 2086 Commercial: October 19, 2056	24,819.00
Total:				53,063.00

- (2) According to 13 Lianyungang City Pre-sale Permits of Commodity Property issued by Lianyungang Municipal Bureau of Housing Security and Management (連雲港市住房保障和房產管理局) on various dates, the development has been permitted for pre-sale.
- (3) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 503.84 sq.m. have been committed for sale at a total consideration of approximately RMB4,123,935 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.

- (4) According to 3 Completion Registration Proofs Nos. 3207061608100101-JX-002, 3207061608100101-JX-001 and 3207061608100101-JX-003 issued by Lianyungang Municipal Bureau of Housing and Urban & Rural District (連雲港市住房和城鄉建設局) on 30 August, 2019 and 26 October 2019, the development with an above ground gross floor area of 114,600.75 sq.m. and underground gross floor area of 27,510.32 sq.m. were completed.
- (5) According to Business Licence No. 320700000201701100061 issued by Lianyungang Municipal Administration for Industry and Commerce (連雲港市工商行政管理局) on January 10, 2017, Lianyungang Ganghua Property Co., Ltd. (連雲港市港華置業有限公司) (Unified Social Credit Code No.: 91320700MA1MKWJC40) has been established as a limited company with a registered capital of RMB75,000,000.
- (6) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Lianyungang Ganghua Property Co., Ltd. (連雲港市港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (7) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|---------------------------------------------------------------|-----|
| Real Estate Title Certificates | Yes |
| Lianyungang City Pre-sale Permits of Commodity Property | Yes |
| Business Licence | Yes |

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
7. The unsold portion of The Hong Kong Masterpiece Phase III.1, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區東城路以西、東方二路以北新港城第III.1期之未售部份)	The property comprises the unsold portions of Phase III.1 of a composite development known as The Hong Kong Masterpiece being erected on a parcel of land with a total site area of approximately 73,397.62 sq.m. The property is completed in 2019. The property comprises the unsold residential units, retail and 670 car parking spaces with a total gross floor area of approximately 98,344.46 sq.m. The breakdown of the gross floor area is as shown:	As of the valuation date, the property was vacant and held for sale.	RMB710,000,000 (RENMINBI SEVEN HUNDRED TEN MILLION) (100% interest attributable to the Group: RMB710,000,000)																	
	<table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential⁽⁵⁾</td> <td>70,731.69</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>9,293.09</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>18,319.68</td> </tr> <tr> <td>Total</td> <td>80,024.78</td> <td>18,319.68</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise Residential ⁽⁵⁾	70,731.69	–	Retail	9,293.09	–	Car parks	–	18,319.68	Total	80,024.78	18,319.68		
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise Residential ⁽⁵⁾	70,731.69	–																		
Retail	9,293.09	–																		
Car parks	–	18,319.68																		
Total	80,024.78	18,319.68																		

The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for terms of 70 years due to expire on January 19, 2087 for residential use and 40 years due to expire on January 19, 2057 for commercial use.

Notes:

- According to Real Estate Title Certificate Su (2017) Changzhou Shi Budongchanquan No. 2016400 issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on April 10, 2017, the land use rights of the parcel of land with a site area of 73,397.62 sq.m. upon which the property is being erected have been vested in Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) for terms of 70 years due to expire on January 19, 2087 for residential use and 40 years due to expire on January 19, 2057 for commercial use.
- According to 2 Planning Permits for Construction Use of Land issued by Changzhou Municipal Planning Bureau (常州市規劃局) on various dates, the construction sites of land with a total site area of 73,098 sq.m. are in compliance with the urban planning requirements and have been approved with details as follows:

Certificate No.	Phase	Issue Date	Use	Site area (sq.m.)
Di Zi No. 320400201730006	III	March 1, 2017	Residential	49,845
Di Zi No. 320400201730023	IV	October 20, 2016	Residential	23,253
			Total:	73,098

- (3) According to 2 Planning Permits for Construction Works issued by Changzhou Municipal Planning Bureau (常州市規劃局) on November 11, 2017, the construction works of the property with a total gross floor area of 207,131.86 sq.m. are in compliance with the requirement of urban planning and have been permitted with details as follows:

<u>Permit No.</u>	<u>Portion</u>	<u>Issue Date</u>	<u>Total gross floor area</u> <u>(sq.m.)</u>
320400201730028	Phase III (Block 1 to Block 4, Block 8, retail No. 38, retail No. 40, electrical substation No. 2, electrical substation No. 4, electrical substation No. 5, basement)	November 11, 2017	110,552.48
320400201730053	Phase III (Block 9 to Block 11) and Phase IV (basement included)	November 11, 2017	96,579.38
Total:			<u>207,131.86</u>

- (4) According to 3 Permits for Commencement of Construction Works issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) or Jiangsu Changzhou Economic Development Zone Bureau of Development (江蘇常州經濟開發區建設局) on various dates, the construction works of the property with a total gross floor area of 207,131.86 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

<u>Permit No.</u>	<u>Portion</u>	<u>Issue Date</u>	<u>Total gross floor area</u> <u>(sq.m.)</u>
320405201706150101	Phase III (Block 1 to Block 4, Block 8, retail No. 38, retail No. 40, electrical substation No. 2, electrical substation No. 4, electrical substation No. 5, basement)	June 15, 2017	110,552.48
320405201712290101	Phase IV (basement included)	December 29, 2017	42,647.32
320405201801100101	Phase III (Block 9 to Block 11)	January 10, 2018	53,932.06
Total:			<u>207,131.86</u>

- (5) Including 50 units of resettlement houses with a total gross floor area of 5,035.50 sq.m. reserved for resettlement purposes by the Centre of Housing and Reimbursement of Jiangsu Changzhou Economic Development Zone (江蘇常州經濟開發區房屋徵收保償中心) to be sold to affected residents at the price of RMB7,900.0 per sq.m. upon completion. We have included such portions and taken into account the repurchase prices in our valuation.
- (6) According to 13 Changzhou City Pre-sale Permits of Commodity Property issued on various dates and as advised by the Group, the development has been permitted for pre-sale.
- (7) According to Completion Registration No. 3204051704110101-JX-001 on December 19, 2019, the development with above ground gross floor area of 80,880.89 sq.m. and underground gross floor area of 30,559.16 sq.m. were completed.
- (8) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 81,833.80 sq.m. have been committed for sale at a total consideration of approximately RMB811,150,736 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (9) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Jiangsu Ganglong Huayang Real Estate Co., Ltd. (江蘇港龍華揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.

(10) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Changzhou City Pre-sale Permits of Commodity Property	Yes (part)
Completion Registration	Yes
Business Licence	Yes

VALUATION REPORT

Group II – Properties held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
8.	The property under construction known as The Hong Kong Masterpiece Phase III.2 and Phase IV, west of Dongcheng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區東城路以西、東方二路以北新港城第III.2期及第四期之在建部份)	The property comprises Phase III.2 and Phase IV of a composite development known as The Hong Kong Masterpiece being erected on a parcel of land with a total site area of approximately 73,397.62 sq.m. The property is scheduled for full completion in 2020. The property is being developed into a composite development mainly residential comprising basement and 519 car parking spaces with a total planned gross floor area of approximately 98,131.58 sq.m. The breakdown of the planned gross floor area is as shown:	RMB838,000,000 (RENMINBI EIGHT HUNDRED THIRTY EIGHT MILLION) (100% interest attributable to the Group: RMB838,000,000)
	Use	Gross floor area (sq.m.)	
		Above-ground	Under-ground
	High-rise		
	Residential ⁽⁵⁾	52,670.00	–
	Townhouses	26,841.36	–
	Car parks	–	14,920.87
	Ancillary/other	3,699.35	–
	Total	83,210.71	14,920.87
	The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.		
	The land use rights of the property have been granted for terms of 70 years due to expire on January 19, 2087 for residential use and 40 years due to expire on January 19, 2057 for commercial use.		

Notes:

- (1) According to Real Estate Title Certificate Su (2017) Changzhou Shi Budongchanquan No. 2016400 issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on April 10, 2017, the land use rights of the parcel of land with a site area of 73,397.62 sq.m. upon which the property is being erected have been vested in Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) for terms of 70 years due to expire on January 19, 2087 for residential use and 40 years due to expire on January 19, 2057 for commercial use.

- (2) According to 2 Planning Permits for Construction Use of Land issued by Changzhou Municipal Planning Bureau (常州市規劃局) on various dates, the construction sites of land with a total site area of 73,098 sq.m. are in compliance with the urban planning requirements and have been approved with details as follows:

Permit No.	Phase	Issue Date	Use	Site area (sq.m.)
Di Zi No. 320400201730006	III	March 1, 2017	Residential	49,845
Di Zi No. 320400201730023	IV	September 19, 2017	Residential	23,253
Total:				73,098

- (3) According to 2 Planning Permits for Construction Works issued by Changzhou Municipal Planning Bureau (常州市規劃局) on November 11, 2017, the construction works of the property with a total gross floor area of 207,131.86 sq.m. are in compliance with the requirement of urban planning and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
320400201730028	Phase III (Block 1 to Block 4, Block 8, retail No. 38, retail No. 40, electrical substation No. 2, electrical substation No. 4, electrical substation No. 5, basement)	November 11, 2017	110,552.48
320400201730053	Phase III (Block 9 to Block 11) and Phase IV (basement included)	November 11, 2017	96,579.38
Total:			207,131.86

- (4) According to 3 Permits for Commencement of Construction Works issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) or Jiangsu Changzhou Economic Development Zone Bureau of Development (江蘇常州經濟開發區建設局) on various dates, the construction works of the property with a total gross floor area of 207,131.86 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
320405201706150101	Phase III (Block 1 to Block 4, Block 8, retail No. 38, retail No. 40, electrical substation No. 2, electrical substation No. 4, electrical substation No. 5, basement)	June 15, 2017	110,552.48
320405201712290101	Phase IV (basement included)	December 29, 2017	42,647.32
320405201801100101	Phase III (Block 9 to Block 11)	January 10, 2018	53,932.06
Total:			207,131.86

- (5) Including 57 units of resettlement houses with a total gross floor area of 5,035.50 sq.m. reserved for resettlement purposes by the Centre of Housing and Reimbursement of Jiangsu Changzhou Economic Development Zone (江蘇常州經濟開發區房屋徵收保償中心) to be sold to affected residents at the price of RMB7,900.0 per sq.m. upon completion. We have included such portions and taken into account the repurchase prices in our valuation.
- (6) According to 13 Changzhou City Pre-sale Permits of Commodity Property issued on various dates and as advised by the Group, the development has been permitted for pre-sale.
- (7) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 77,594.75 sq.m. have been committed for sale at a total consideration of approximately RMB1,065,180,939 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB255,080,257. The estimated outstanding construction cost to complete the development as of the valuation date was RMB215,081,672. We have taken into account such costs in the course of our valuation.
- (9) The development value of the property if completed as of the valuation date was approximately RMB1,137,000,000.

(10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

- (i) Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
- (ii) all land premium for the development has been fully settled;
- (iii) the design and construction of the property have been approved by the relevant government departments; and
- (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.

(11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Changzhou City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020														
9. The property under construction known as Xiang Yu Hua Ting Phase III, east of Haitang Road and south of Yingbin Road, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 常熟市 海虞鎮 海棠路以東、 迎賓路以南 香語華庭第三期 之在建部份)	The property comprises Phase III of a residential development known as Xiang Yu Hua Ting being erected on a parcel of land with a total site area of approximately 60,221.00 sq.m. The property is scheduled for full completion in 2020. The property is being developed into a residential development comprising basement with a total planned gross floor area of approximately 59,293.28 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>50,456.38</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>727.70</td> <td>8,109.20</td> </tr> <tr> <td>Total</td> <td>51,184.08</td> <td>8,109.20</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	50,456.38	–	Ancillary/other	727.70	8,109.20	Total	51,184.08	8,109.20	As of the valuation date, the property was under development.	RMB455,000,000 (RENMINBI FOUR HUNDRED FIFTY FIVE MILLION) (100% interest attributable to the Group: RMB455,000,000)
Use	Gross floor area (sq.m.)																
	Above-ground	Underground															
High-rise residential	50,456.38	–															
Ancillary/other	727.70	8,109.20															
Total	51,184.08	8,109.20															

The property is situated at Haiyu Town, which is 12 km north of the city centre of Changshu City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for a term of 70 years due to expire on May 23, 2086 for residential use.

Notes:

- (1) According to two Real Estate Title Certificates Nos. (2017)0016107 and (2017)0016212 issued by Changshu Municipal Bureau of Land Resource (常熟市國土資源局) on April 19, 2017, the land use rights of the parcel of land with a site area of 60,221.00 sq.m. upon which the property is being erected have been vested in Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) (a wholly owned subsidiary of the Company) for a term of 70 years due to expire on May 23, 2086 for residential use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 320581201600016 issued by Changshu Municipal Planning Bureau (常熟市規劃局) on March 21, 2016, the construction site of land with a site area of 60,221 sq.m. is in compliance with the urban planning requirements and has been approved.

As advised by the Group, the property is being erected on a portion of the aforesaid construction site.
- (3) According to Planning Permit for Construction Works Jian Zi No. 320581201600240 issued by Changshu Municipal Planning Bureau (常熟市規劃局) on December 29, 2016, the construction works of the property with a total gross floor area of 59,293.28 sq.m. (51,184.08 sq.m. above-ground; and 8,109.20 sq.m. underground) are in compliance with the requirement of urban planning and have been permitted.
- (4) According to Permit for Commencement of Construction Works No. 320581201705040101 issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on May 4, 2017, the construction works of the property with a total gross floor area of 59,113.27 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) According to 2 Changshu City Pre-sale Permits of Commodity Property issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on various dates and as advised by the Group, Phase III of the development has been permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 49,907.22 sq.m. have been committed for sale at a total consideration of approximately RMB470,190,066 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.

- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB505,210,014. The estimated outstanding construction cost to complete the development as of the valuation date was RMB3,165,674. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB476,000,000.
- (9) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (10) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Changshu City Pre-sale Permits of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020														
10.	The property under construction known as Xiang Lan Hua Ting, north of Yingbin Road and west of Gengjing Pond, Haiyu Town, Changshu City, Jiangsu Province, the PRC (中華人民共和國江蘇省常熟市海虞鎮迎賓路以北、耿涇塘以西香瀾華庭之在建部份)	The property comprises a residential development known as Xian Lan Hua Ting being erected on a parcel of land with a total site area of approximately 12,151.00 sq.m. The property is scheduled for full completion in 2020. The property is being developed into a residential development comprising basement with a total planned gross floor area of approximately 21,246.78 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>13,733.18</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>948.18</td> <td>6,565.42</td> </tr> <tr> <td>Total</td> <td>14,681.36</td> <td>6,565.42</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	13,733.18	–	Ancillary/other	948.18	6,565.42	Total	14,681.36	6,565.42	As of the valuation date, the property was under development. RMB150,000,000 (RENMINBI ONE HUNDRED FIFTY MILLION) (100% interest attributable to the Group: RMB150,000,000)
Use	Gross floor area (sq.m.)																
	Above-ground	Underground															
High-rise residential	13,733.18	–															
Ancillary/other	948.18	6,565.42															
Total	14,681.36	6,565.42															
		The property is situated at Haiyu Town, which is 12 km north of the city centre of Changshu City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on August 28, 2088 for residential use.															

Notes:

- According to Real Estate Title Certificate Su (2018) Changshu Shi Budongchanquan No. 0040287 issued by Changshu Municipal Bureau of Land Resource (常熟市國土資源局) on September 3, 2018, the land use rights of the parcel of land with a site area of 12,151.00 sq.m. upon which the property is being erected have been vested in Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) for a term of 70 years due to expire on August 28, 2088 for residential use.
- According to Planning Permit for Construction Use of Land Di Zi No. 320581201800099 issued by Changshu Municipal Planning Bureau (常熟市規劃局) on August 20, 2018, the construction site of land with a site area of 12,151 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to Planning Permit for Construction Works Jian Zi No. 320581201800317 issued by Changshu Municipal Planning Bureau (常熟市規劃局) on September 19, 2018, the construction works of the property with a total gross floor area of 21,246.78 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- According to Permit for Commencement of Construction Works No. 3205811808300103 issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on October 25, 2018, the construction works of the property with a total gross floor area of 21,246.78 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- According to Changshu City Pre-sale Permit of Commodity Property Chang Fang Yushou Zi (2019) No. 030 issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on April 2, 2019, the development has a total of 118 high-rise residential units permitted for pre-sale.
- As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 11,027.60 sq.m. have been committed for sale at a total consideration of approximately RMB138,363,776 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB59,571,116. The estimated outstanding construction cost to complete the development as of the valuation date was RMB13,000,000. We have taken into account such costs in the course of our valuation.

- (8) The development value of the property if completed as of the valuation date was approximately RMB176,000,000.
- (9) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Changshu Ganghua Property Co., Ltd. (常熟港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (10) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Changshu City Pre-sale Permit of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
11. The property under construction known as Ziyu Mansion, east of Shuntong Road and south of Gongyuan Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區順通路以東、公園路以南紫御府之在建部份)	<p>The property comprises a composite development known as Ziyu Mansion being erected on a parcel of land with a total site area of approximately 24,312 sq.m. The property is scheduled for full completion in 2020.</p> <p>The property is being developed into a composite development mainly residential comprising basement and 366 car park spaces with a total planned gross floor area of approximately 86,265.01 sq.m. The breakdown of the gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential⁽⁵⁾</td> <td>61,236.04</td> <td>–</td> </tr> <tr> <td>Retail⁽⁵⁾</td> <td>3,015.21</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>22,013.76</td> </tr> <tr> <td>Total</td> <td>64,251.25</td> <td>22,013.76</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential ⁽⁵⁾	61,236.04	–	Retail ⁽⁵⁾	3,015.21	–	Car parks	–	22,013.76	Total	64,251.25	22,013.76	As of the valuation date, the property was under development.	<p>RMB441,000,000</p> <p>(RENMINBI FOUR HUNDRED FORTY ONE MILLION)</p> <p>(100% interest attributable to the Group: RMB441,000,000)</p>
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential ⁽⁵⁾	61,236.04	–																		
Retail ⁽⁵⁾	3,015.21	–																		
Car parks	–	22,013.76																		
Total	64,251.25	22,013.76																		
	<p>The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments and hotels.</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on May 17, 2088 for residential use and 40 years due to expire on May 17, 2058 for commercial use.</p>																			

Notes:

- According to Real Estate Title Certificate Su (2018) Changzhou Shi Budongchanquan No. 2017364 issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on June 1, 2018, the land use rights of the parcel of land with a site area of 24,312 sq.m. upon which the property is being erected have been vested in Jiangsu Ganglong Zhongyang Property Co., Ltd. (江蘇港龍中揚置業有限公司) (a wholly owned subsidiary of the Company) for terms of 70 years due to expire on May 17, 2088 for residential use and 40 years due to expire on May 17, 2058 for commercial use.
- According to Planning Permit for Construction Use of Land Di Zi No. 320400201830011 issued by Changzhou Municipal Planning Bureau (常州市規劃局) on May 23, 2018, the construction site of land with a site area of approximately 24,312 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to Planning Permit for Construction Works Jian Zi No. 320400201830023 issued by Changzhou Municipal Planning Bureau (常州市規劃局) on July 4, 2018, the construction works of the property with a total gross floor area of 82,864.06 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- According to Permit for Commencement of Construction Works No. 320405201808030101 issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) on August 3, 2018, the construction works of the property with a total gross floor area of 82,864.06 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- Including approximately 100 units of directional placement houses with a total gross floor area of approximately 10,000.00 sq.m. and 7 retail units with a total gross floor area of approximately 1,400.00 sq.m. to be repurchased by the local government at the price of RMB4,800.00 per sq.m. for resettlement purposes upon completion. We have included such portions and taken into account the repurchase price in our valuation.

- (6) According to 6 Changzhou City Pre-sale Permits of Commodity Property issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) on various dates, the development has residential units, retail units and car parking spaces permitted for pre-sale.
- (7) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 54,665.76 sq.m. have been committed for sale at a total consideration of approximately RMB588,190,253 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB157,538,251. The estimated outstanding construction cost to complete the development as of the valuation date was RMB95,932,100. We have taken into account such costs in the course of our valuation.
- (9) The development value of the property if completed as of the valuation date was approximately RMB596,000,000.
- (10) According to Business Licence No. 320483000201804100515 issued by Jiangsu Changzhou Economic Development Zone Administrative Committee (江蘇常州經濟開發區管理委員會) on April 10, 2018, Jiangsu Ganglong Zhongyang Property Co., Ltd. (江蘇港龍中揚置業有限公司) (Unified Social Credit Code No.: 91320412MA1WBYLC2L) has been established as a limited company with a registered capital of RMB50,000,000.
- (11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Jiangsu Ganglong Zhongyang Property Co., Ltd. (江蘇港龍中揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (12) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Changzhou City Pre-sale Permits of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020														
12. The property under construction known as Ganglong – Park Mansion Phase 1.1, Wetland Park District, Panzhou City, Guizhou Province, the PRC (中華人民共和國 貴州省 盤州市 濕地公園片區 港龍•東湖桃源第1.1期 之在建部份)	The property comprises Phase 1.1 of a residential development known as Ganglong – Park Mansion being erected on a parcel of land with a total site area of approximately 57,698.02 sq.m. The property is scheduled for full completion in 2020. The property is being developed into a residential development comprising basement with a total planned gross floor area of approximately 43,036.30 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>Townhouses</td> <td>27,810.92</td> <td>–</td> </tr> <tr> <td>Ancillary/ other</td> <td>25.38</td> <td>15,200.00</td> </tr> <tr> <td>Total</td> <td>27,836.30</td> <td>15,200.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	Townhouses	27,810.92	–	Ancillary/ other	25.38	15,200.00	Total	27,836.30	15,200.00	As of the valuation date, the property was under development.	RMB251,000,000 (RENMINBI TWO HUNDRED FIFTY ONE MILLION) (100% interest attributable to the Group: RMB251,000,000)
Use	Gross floor area (sq.m.)																
	Above-ground	Underground															
Townhouses	27,810.92	–															
Ancillary/ other	25.38	15,200.00															
Total	27,836.30	15,200.00															

The property is situated at the west of the Wetland Park, which is in the southern part of Panzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for a term of 70 years due to expire on September 27, 2088 for residential use.

Notes:

- (1) According to 3 Real Estate Title Certificates issued by Panzhou Municipal Bureau of Land Resource (盤州市國土資源局) on December 11, 2018, the land use rights of the parcels of land with a total site area of 57,698.02 sq.m. upon which the property is being erected have been vested in Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) (a wholly owned subsidiary of the Company) with details as follows:

Certificate No.	Use	Expiry date of land use terms	Site area (sq.m.)
Qian (2018) Panzhou Shi Budongchanquan No. 0009128	Residential	September 27, 2088	47,710.23
Qian (2018) Panzhou Shi Budongchanquan No. 0009527	Residential	September 27, 2088	737.54
Qian (2018) Panzhou Shi Budongchanquan No. 0009528	Residential	September 27, 2088	9,250.25
		Total:	57,698.02

- (2) According to 3 Planning Permits for Construction Use of Land issued by Panzhou Municipal Urban-Rural Planning Bureau (盤州市城鄉規劃局) on October 18, 2018, the construction sites of land with a total site area of 57,697.99 sq.m. are in compliance with the urban planning requirements and have been approved with details as follows:

Permit No.	Use	Site area (sq.m.)
Di Zi No. 520000201809122	Residential	47,710.20
Di Zi No. 520000201809123	Residential	9,250.25
Di Zi No. 520000201809124	Residential	737.54
	Total:	<u>57,697.99</u>

- (3) According to Planning Permit for Construction Works Jian Zi No. 520000201806576 issued by Panzhou Municipal Urban-Rural Planning Bureau (盤州市城鄉規劃局) on November 15, 2018, the construction works of the property with a total gross floor area of 43,036.30 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- (4) According to Permit for Commencement of Construction Works No. 5202221811160101-SX-002 issued by Panzhou Municipal Bureau of Housing and Urban-Rural Development (盤州市住房和城鄉建設局) on December 21, 2018, the construction works of the property with a total gross floor area of 43,036.30 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) According to Panzhou City Pre-sale Permit of Commodity Property (2018) Shang Fang Yu Zi No. 18 issued by Panzhou Municipal Bureau of Housing and Urban-Rural Development (盤州市住房和城鄉建設局) on December 21, 2018, the development has a total of 187 townhouses permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, all the aforesaid townhouses with a total gross floor area of 27,810.92 sq.m. have been committed for sale at a total consideration of approximately RMB212,201,086 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB83,148,246. The estimated outstanding construction cost to complete the development as of the valuation date was RMB84,289,571. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB362,000,000.
- (9) According to the Business Licence issued by Panzhou Municipal Market Supervision Administration (盤州市市場監督管理局) on May 21, 2018, Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) (Unified Social Credit Code No.: 91520222MA6HOLW12E) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|----------------------------------------------------------|-----|
| Certificate for the Use of State-owned Land | Yes |
| Planning Permits for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Panzhou City Pre-sale Permit of Commodity Property | Yes |
| Business Licence | Yes |

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
13.	The property under construction known as Ganglong – Park Mansion Phase 2.1, Wetland Park District, Panzhou City, Guizhou Province, the PRC (中華人民共和國貴州省盤州市濕地公園片區港龍•東湖桃源第2.1期之在建部份)	The property comprises Phase 2.1 of a residential development known as Ganglong – Park Mansion being erected on a parcel of land with a total site area of approximately 58,402.57 sq.m. The property is scheduled for full completion in 2022. The property is being developed into a residential development comprising basement with a total planned gross floor area of approximately 97,975.96 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>58,135.98</td> <td>–</td> </tr> <tr> <td>Townhouses</td> <td>22,586.16</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>253.82</td> <td>17,000.00</td> </tr> <tr> <td>Total</td> <td>80,975.96</td> <td>17,000.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	58,135.98	–	Townhouses	22,586.16	–	Ancillary/other	253.82	17,000.00	Total	80,975.96	17,000.00	As of the valuation date, the property was under development. RMB367,000,000 (RENMINBI THREE HUNDRED SIXTY SEVEN MILLION) (100% interest attributable to the Group: RMB367,000,000)
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential	58,135.98	–																		
Townhouses	22,586.16	–																		
Ancillary/other	253.82	17,000.00																		
Total	80,975.96	17,000.00																		

The property is situated at the west of the Wetland Park, which is in the southern part of Panzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property of the development have been contracted to be granted for a term of 70 years due to expire on January 21, 2089 for residential use.

Notes:

- (1) According to 2 Real Estate Title Certificates issued by Panzhou Municipal Bureau of Land Resource (盤州市國土資源局) on October 21, 2019, the land use rights of the parcels of land with a total site area of 58,402.57 sq.m. upon which the property is being erected have been vested in Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) with details as follows:

Certificate No.	Issue Date	Use	Expiry date of land use terms	Site area (sq.m.)
Qian (2019) Panzhou ShiBudongchanquan No. 0008317	October 21, 2019	Residential	Residential: January 21, 2089	57,778.02
Qian (2019) Panzhou ShiBudongchanquan No. 0008318	October 21, 2019	Residential	Residential: January 21, 2089	624.55
Total:				58,402.57

- (2) According to 2 Planning Permits for Construction Use of Land issued by Panzhou Municipal Urban-Rural Planning Bureau (盤州市城鄉規劃局) on November 21, 2018, the construction sites of land with a total site area of 58,402.57 sq.m. for Phase II of the development are in compliance with the urban planning requirements and have been approved with details as follows:

Permit No.	Use	Site area (sq.m.)
Di Zi No. 520000201809150	Residential	57,778.02
Di Zi No. 520000201809151	Residential	624.55
	Total:	<u>58,402.57</u>

- (3) According to Planning Permit for Construction Works Jian Zi No. 520000201806638 issued by Panzhou Municipal Bureau of Natural Resource (盤州市自然資源局) on May 27, 2019, the construction works of Phase 2.1 of the development with a total gross floor area of 98,616.85 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- (4) According to Permit for Commencement of Construction Works No. 5202221903060103-SX-002 issued by Panzhou Municipal Bureau of Housing and Urban-Rural Development (盤州市住房和城鄉建設局) on June 28, 2019, the construction works of the property with a total gross floor area of 64,321.12 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) According to Panzhou City Pre-sale Permit of Commodity Property (2019) Shang Fang Yu Zi No. 28 issued by Panzhou Municipal Bureau of Housing and Urban-Rural Development (盤州市住房和城鄉建設局) on December 14, 2019, the development has high-rise residential units and townhouses permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 37,094.15 sq.m. have been committed for sale at a total consideration of approximately RMB150,357,817 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB73,886,468. The estimated outstanding construction cost to complete the development as of the valuation date was RMB230,750,541. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB764,000,000.
- (9) According to the Business Licence issued by Panzhou Municipal Market Supervision Administration (盤州市市場監督管理局) on May 21, 2018, Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) (Unified Social Credit Code No.: 91520222MA6HOLW12E) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Guizhou Ganghua Property Co., Ltd. (貴州港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes (part)
Panzhou City Pre-sale Permit of Commodity Property.....	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
14.	The property under construction known as Mansion Grand, Luoji Highway North, Liuzhai Village, Zhaoyang Town, Mengjin County, Luoyang City, Henan Province, the PRC (中華人民共和國 河南省 洛陽市 孟津縣 朝陽鎮 劉寨村 洛吉快速路北 雍河尚院 之在建部份)	The property comprises a composite development known as Mansion Grand being erected on a parcel of land with a total site area of approximately 95,168.00 sq.m. The property is scheduled for full completion in 2023. The property is being developed into a composite development mainly residential comprising basement with a total planned gross floor area of approximately 192,222.96 sq.m. The breakdown of the gross floor area is as shown: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td style="text-align: right;">82,358.48</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Multi-storey apartments</td> <td style="text-align: right;">44,576.04</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">1,612.12</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Ancillary/ other</td> <td style="text-align: right;">3,442.27</td> <td style="text-align: right;">60,234.05</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">131,988.91</td> <td style="text-align: right;">60,234.05</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	82,358.48	-	Multi-storey apartments	44,576.04	-	Retail	1,612.12	-	Ancillary/ other	3,442.27	60,234.05	Total	131,988.91	60,234.05	As of the valuation date, the property was under development. (90% interest attributable to the Group: RMB279,000,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
High-rise residential	82,358.48	-																					
Multi-storey apartments	44,576.04	-																					
Retail	1,612.12	-																					
Ancillary/ other	3,442.27	60,234.05																					
Total	131,988.91	60,234.05																					

The property is situated at Liuzhai Village of Mengjin County, which is at the north of Luoyang City. The vicinity comprises mainly industrial developments and vacant land.

The land use rights of the property have been granted for terms of 70 years due to expire on August 7, 2083 or November 11, 2085 for residential use and 40 years due to expire on August 7, 2053 for commercial use.

Notes:

- (1) According to 4 Real Estate Title Certificates issued by Mengjin County Bureau of Land Resource (孟津縣國土資源局) on September 12, 2018, the land use rights of the parcels of land with a total site area of 95,168.00 sq.m. upon which the property is being erected have been vested in Luoyang Ganglong Property Co., Ltd. (洛陽港龍置業有限公司) (a subsidiary of the Company owned as to 90% by the Company) with details as follows:

Certificate No.	Use	Expiry Date of Land Use Terms	Site Area (sq.m.)
Yu (2018) Mengjin Xian Budongchanquan No. 0000959	Residential	November 11, 2085	27,034.70
Yu (2018) Mengjin Xian Budongchanquan No. 0000954	Residential/ Commercial	Residential: September 7, 2083 Commercial: September 7, 2053	27,093.80
Yu (2018) Mengjin Xian Budongchanquan No. 0000958	Residential/ Commercial	Residential: September 7, 2083 Commercial: September 7, 2053	4,973.30
Yu (2018) Mengjin Xian Budongchanquan No. 0000951	Residential/ Commercial	Residential: September 7, 2083 Commercial: September 7, 2053	36,066.20
		Total:	95,168.00

- (2) According to 4 Planning Permits for Construction Use of Land issued by Luoyang Municipal Planning Bureau (洛陽市規劃局) on various dates, the construction sites of land with a total site area of 95,168.00 sq.m. are in compliance with the urban planning requirements and have been approved with details as follows:

Permit No.	Issue Date	Use	Site Area (sq.m.)
Di Zi No. 410322201314088	September 25, 2013	Residential/Commercial	27,093.80
Di Zi No. 410322201314096	September 25, 2013	Residential/Commercial	36,066.20
Di Zi No. 410322201614009	March 11, 2016	Residential	27,034.70
Di Zi No. 410322201714049	December 27, 2017	Residential/Commercial	4,973.30
	Total:		95,168.00

- (3) According to Planning Permits for Construction Works Jian Zi No. 410322201914026 issued by Mengjin County Bureau of Natural Resource (孟津縣自然資源局) on November 11, 2019, the construction works of the property with a total gross floor area of 192,222.96 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- (4) According to 2 Permits for Commencement of Construction Works issued by Mengjin County Bureau of Housing and Urban-Rural Development (孟津縣住房和城鄉建設局) on various dates, the construction works of the property with a total gross floor area of 43,368.00 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB56,176,860. The estimated outstanding construction cost to complete the development as of the valuation date was RMB753,657,444. We have taken into account such costs in the course of our valuation.
- (6) The development value of the property if completed as of the valuation date was approximately RMB1,337,000,000.
- (7) According to the Business Licence issued by Mengjin County Administration for Industry and Commerce (孟津縣工商行政管理局) on June 20, 2018, Luoyang Ganglong Property Co., Ltd. (洛陽港龍置業有限公司) (Unified Social Credit Code No.: 91410322084803977H) has been established as a limited company with a registered capital of RMB10,000,000.
- (8) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Luoyang Ganglong Property Co., Ltd. (洛陽港龍置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (9) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																					
15.	<p>The property under construction known as Ganglong Capital, east of Jinhai Road and south of Huanghe Road, Xiangshui County, Yancheng City, Jiangsu Province, the PRC</p> <p>(中華人民共和國 江蘇省 鹽城市 響水縣 金海路東側、 黃河路南側 港龍首府 之待在建部份)</p>	<p>The property comprises a composite development known as Ganglong Capital being erected on a parcel of land with a total site area of approximately 64,193.00 sq.m. The property is scheduled for full completion in 2020.</p> <p>The property is being developed into a composite development mainly residential comprising basement and 620 car park spaces with a total planned gross floor area of approximately 154,139.62 sq.m. The breakdown of the gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>114,621.49</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>311.00</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>33,153.64</td> </tr> <tr> <td>Ancillary/other</td> <td>2,590.49</td> <td>3,463.00</td> </tr> <tr> <td>Total</td> <td>117,522.98</td> <td>36,616.64</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	114,621.49	–	Retail	311.00	–	Car parks	–	33,153.64	Ancillary/other	2,590.49	3,463.00	Total	117,522.98	36,616.64	<p>As of the valuation date, the property was under development.</p>	<p>RMB500,000,000</p> <p>(RENMINBI FIVE HUNDRED MILLION)</p> <p>(100% interest attributable to the Group: RMB500,000,000)</p>
Use	Gross floor area (sq.m.)																							
	Above-ground	Underground																						
High-rise residential	114,621.49	–																						
Retail	311.00	–																						
Car parks	–	33,153.64																						
Ancillary/other	2,590.49	3,463.00																						
Total	117,522.98	36,616.64																						

The property is situated at Xiangshui County, which is at the northwest of Yancheng City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for a term of 70 years due to expire on December 7, 2088 for residential use.

Notes:

- According to Real Estate Title Certificate Su (2019) Xiangshui Xian Budongchanquan No. 0000571 issued by Xiangshui County Bureau of Land Resource (響水縣國土資源局), the land use rights of the parcel of land with a site area of 64,193.00 sq.m. upon which the property is being erected have been vested in Yancheng Xiangshui Ganglong Real Estate Development Co., Ltd. (鹽城市響水港龍房地產開發有限公司) (a wholly owned subsidiary of the Company) for a term of 70 years due to expire on December 26, 2088 for residential use.
- According to Planning Permit for Construction Use of Land Di Zi No. 2019001 issued by Xiangshui County Planning Bureau (響水縣規劃局) on January 28, 2019, the construction site of land with a site area of 64,193.60 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to 2 Planning Permits for Construction Works issued by Xiangshui County Bureau of Natural Resource and Planning (響水縣自然資源和規劃局) on various dates, the construction works of the property with a total gross floor area of 151,533.15 sq.m. are in compliance with the requirement of urban planning and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
Jian Zi No. 3209212019014..	Blocks 2 to 4, 6 to 8, 11 to 22 and underground car parking spaces	March 28, 2019	129,798.67
Jian Zi No. 3209212019018..	Blocks 1, 5, 9 and 10	June 18, 2019	21,734.48
		Total:	151,533.15

- (4) According to 3 Permits for Commencement of Construction Works issued by Xiangshui County Bureau of Housing and Urban-Rural Development (響水縣住房和城鄉建設局) on various dates, the construction works of the property with a total gross floor area of 151,533.05 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
320921201904050201	Blocks 3, 7, 17, 18, 20, 21 and 22	April 6, 2019	48,882.40
320921201904260101	Blocks 2, 4, 6, 8, 11 to 16, 19, and underground car parks	April 26, 2019	80,916.17
320921201907020101	Blocks 1, 5, 9 and 10	July 2, 2019	21,734.48
		Total:	<u>151,533.05</u>

- (5) According to 5 Xiangshui County Pre-sale Permits of Commodity Property issued by Xiangshui County Bureau of Housing and Urban-Rural Development (響水縣住房和城鄉建設局) on various dates, the development has residential units and retail units permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 91,223.88 sq.m. have been committed for sale at a total consideration of approximately RMB568,781,233 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB219,627,912. The estimated outstanding construction cost to complete the development as of the valuation date was RMB230,476,982. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB832,000,000.
- (9) According to the Business Licence issued on January 18, 2019, Yancheng Xiangshui Ganglong Real Estate Development Co., Ltd. (鹽城市響水港龍房地產開發有限公司) (Unified Social Credit Code No.: 91320921MA1XM8N4X7) has been established as a limited company with a registered capital of RMB20,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Yancheng Xiangshui Ganglong Real Estate Development Co., Ltd. (鹽城市響水港龍房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Xiangshui County Pre-sale Permits of Commodity Property	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
16.	<p>The property under construction known as Unique Summer Mansion, south of Wenchang East Road and west of Ketai Road, Taixing City, Jiangsu Province, the PRC</p> <p>(中華人民共和國 江蘇省 泰興市 文昌東路以南、 科太路以西 桃源府 之在建部份)</p>	<p>The property comprises a residential development known as Unique Summer Mansion being erected on a parcel of land with a total site area of approximately 66,804.00 sq.m. The property is scheduled for full completion in 2021.</p> <p>The property is being developed into a residential development comprising basement and 862 car park spaces with a total planned gross floor area of approximately 172,925.07 sq.m. The breakdown of the gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>131,896.56</td> <td>-</td> </tr> <tr> <td>Car parks</td> <td>-</td> <td>23,490.55</td> </tr> <tr> <td>Ancillary/other</td> <td>7,145.51</td> <td>10,392.45</td> </tr> <tr> <td>Total</td> <td>139,042.07</td> <td>33,883.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	131,896.56	-	Car parks	-	23,490.55	Ancillary/other	7,145.51	10,392.45	Total	139,042.07	33,883.00	<p>As of the valuation date, the property was under development.</p> <p>RMB815,000,000</p> <p>(RENMINBI EIGHT HUNDRED FIFTEEN MILLION)</p> <p>(33% interest attributable to the Group: RMB268,950,000)</p>
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential	131,896.56	-																		
Car parks	-	23,490.55																		
Ancillary/other	7,145.51	10,392.45																		
Total	139,042.07	33,883.00																		

The property is situated at the city centre of Taixing City. Developments in the vicinity comprise mainly residential developments and vacant land.

The land use rights of the property have been granted for a term of 70 years due to expire on June 21, 2088 for residential use.

Notes:

- (1) According to Real Estate Title Certificate Su (2018) Taixing Shi Budongchanquan No. 0022448 issued by Taixing Municipal Bureau of Land Resource (泰興市國土資源局) on August 28, 2018, the land use rights of the property with a site area of 66,804.00 sq.m. upon which the property is being erected have been vested in Taixing Chuanghe Property Co., Ltd. (泰興市創和置業有限公司) (a subsidiary of the Company owned as to 33% by the Company) for a term of 70 years due to expire on June 21, 2088 for urban residential use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 321283201800202 issued by Taixing Municipal Planning Bureau (泰興市規劃局) on June 15, 2018, the construction site of land with a total site area of 66,804.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to Planning Permit for Construction Works Jian Zi No. 321283201800103 issued by Taixing Municipal Planning Bureau (泰興市規劃局) on June 5, 2018, the construction works with a total permissible gross floor area of 133,303.00 sq.m. are in compliance with the construction works requirements and have been approved.

- (4) According to 2 Permits for Commencement of Construction Works issued by Taixing Municipal Bureau of Housing and Urban-Rural Development (泰興市住房和城鄉建設局) on various dates, the construction works of the property with a total gross floor area of 104,551.49 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
321283201807100101	Blocks 1 to 8, 10 to 13 and underground car parking spaces	July 10, 2018	70,818.49
321283201808030301	Blocks 17 and 18	August 3, 2018	33,733.00
321283201810160101	Blocks 14 to 16 and 19 to 21	October 16, 2018	66,701.26
		Total:	<u>171,252.75</u>

- (5) According to 4 Taixing City Pre-sale Permits of Commodity Property issued by Taixing Municipal Bureau of Housing Management (泰興市房產管理局) on various dates, the development has 1,034 residential units permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 29,231.08 sq.m. have been committed for sale at a total consideration of approximately RMB198,144,086 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB311,263,288. The estimated outstanding construction cost to complete the development as of the valuation date was RMB297,187,395. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,326,000,000.
- (9) According to Business Licence No. 321283000201804100069 issued by Taixing Municipal Market Supervision Administration (泰興市市場監督管理局) on April 10, 2018, Taixing Chuanghe Property Co., Ltd. (泰興市創和置業有限公司) (Unified Social Credit Code No.: 91321283MA1WBUH91L) has been established as a limited company with a registered capital of RMB20,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- Taixing Chuanghe Property Co., Ltd. (泰興市創和置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - all land premium for the development has been fully settled;
 - the design and construction of the property have been approved by the relevant government departments; and
 - the property is subject to mortgage. The owner of property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Taixing City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
17. The property under construction known as Zha Xi Taoyuan, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中華人民共和國 浙江省 湖州市 吳興區 霅溪桃源 之在建部份)	The property comprises a residential development known as Zha Xi Taoyuan being erected on a parcel of land with a total site area of approximately 176,013.00 sq.m. The property is scheduled for full completion in 2022. The property is being developed into a residential development comprising basement and 2,518 car park spaces with a total planned gross floor area of approximately 334,725.72 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>Mid-rise residential</td> <td>57,682.77</td> <td>–</td> </tr> <tr> <td>Multi-Storey apartments</td> <td>154,445.04</td> <td>–</td> </tr> <tr> <td>Townhouses</td> <td>16,689.09</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>105,908.82</td> </tr> <tr> <td>Total</td> <td>228,816.90</td> <td>105,908.82</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	Mid-rise residential	57,682.77	–	Multi-Storey apartments	154,445.04	–	Townhouses	16,689.09	–	Car parks	–	105,908.82	Total	228,816.90	105,908.82	As of the valuation date, the property was under development.	RMB811,000,000 (RENMINBI EIGHT HUNDRED ELEVEN MILLION) (25% interest attributable to the Group: RMB202,750,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
Mid-rise residential	57,682.77	–																					
Multi-Storey apartments	154,445.04	–																					
Townhouses	16,689.09	–																					
Car parks	–	105,908.82																					
Total	228,816.90	105,908.82																					
	The property is situated at the centre of Wuxing District, which is at the city centre of Huzhou City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on May 31, 2088 for residential use.																						

Notes:

- (1) According to 2 Real Estate Title Certificates issued by Huzhou Municipal Bureau of Land Resource (湖州市國土資源局) on June 22, 2018, the land use rights of the parcels of land with a total site area of 176,013.00 sq.m. upon which the property is being erected have been vested in Huzhou Haiwang Kangshan Realty Development Co., Ltd. (湖州海王康山地產發展有限公司) (a subsidiary of the Company owned as to 25% by the Company) with details as follows:

Certificate No.	Use	Expiry date of land use terms	Site area (sq.m.)
Zhe (2018) Huzhou Shi Budongchanquan No. 0043791	Residential	May 31, 2088	103,835.00
Zhe (2018) Huzhou Shi Budongchanquan No. 0043796	Residential	May 31, 2088	72,178.00
		Total:	176,013.00

- (2) According to 2 Planning Permits for Construction Use of Land issued by Huzhou Municipal Planning Bureau (湖州市規劃局) on March 30, 2018, the construction sites of land with a total site area of 176,013.00 sq.m. are in compliance with the urban planning requirements and have been approved with details as follows:

Permit No.	Use	Site area (sq.m.)
Di Zi No. 330504201800019	Residential	103,835.00
Di Zi No. 330504201800020	Residential	72,178.00
Total:		176,013.00

- (3) According to 2 Planning Permits for Construction Works issued by Huzhou Municipal Planning Bureau (湖州市規劃局) on various dates, the construction works of the property with a total gross floor area of 343,593.15 sq.m. (231,990.36 sq.m. above-ground; and 111,602.79 sq.m. underground) are in compliance with the requirement of urban planning and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
Jian Zi No. 330504201800048	34-68#, Blocks S5 to S8 and underground	July 31, 2018	216,192.39
Jian Zi No. 330504201800062	1-33#, Blocks S9 to S10 and underground	September 30, 2018	127,400.76
Total:			343,593.15

- (4) According to 3 Permits for Commencement of Construction Works issued by Huzhou Economic and Technological Development Zone Administrative Committee Development Bureau (湖州經濟技術開發區管理委員會建設局) on various dates, the construction works of the property with a total gross floor area of 343,593.15 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
330502201809130101	50-68#, Blocks S6 to S8 and underground	September 13, 2018	124,225.15
330502201809170201	34#-49#, Block S5 and underground	September 17, 2018	91,967.24
330502201811230101	1-33#, Blocks S9, S10 and underground	November 23, 2018	127,400.76
Total:			343,593.15

- (5) According to 2 Huzhou City Pre-sale Permits of Commodity Property issued by Huzhou Municipal Bureau of Housing and Urban-Rural Development (湖州市住房和城鄉建設局) on various dates, the development has been permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 28,966.87 sq.m. have been committed for sale at a total consideration of approximately RMB206,836,999 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB255,263,882. The estimated outstanding construction cost to complete the development as of the valuation date was RMB1,116,361,180. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB2,501,000,000.
- (9) According to the Business Licence issued by Huzhou Economic and Technological Development Zone Branch of Huzhou Municipal Administration for Industry and Commerce (湖州市工商行政管理局湖州經濟技術開發區分局) on March 8, 2018, Huzhou Haiwang Kangshan Realty Development Co., Ltd. (湖州海王康山地產發展有限公司) (Unified Social Credit Code No.: 91330501MA2B40UP81) has been established as a limited company with a registered capital of RMB10,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- Huzhou Haiwang Kangshan Realty Development Co., Ltd. (湖州海王康山地產發展有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - all land premium for the development has been fully settled;

- (iii) the design and construction of the property have been approved by the relevant government departments; and
- (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.

(11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Huzhou City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																										
18. The property under construction known as Jiangnan Taoyuan, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中華人民共和國 浙江省 湖州市 吳興區 江南桃源 之在建部份)	The property comprises a residential development known as Jiangnan Taoyuan being erected on a parcel of land with a total site area of approximately 73,237.00 sq.m. The property is scheduled for full completion in 2021. The property is being developed into a residential development comprising basement and 1,273 car park spaces with a total planned gross floor area of approximately 163,227.58 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>60,022.69</td> <td>–</td> </tr> <tr> <td>Mid-rise residential</td> <td>42,825.60</td> <td>–</td> </tr> <tr> <td>Multi-Storey apartments</td> <td>13,082.52</td> <td>–</td> </tr> <tr> <td>Townhouses</td> <td>6,742.40</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>38,724.68</td> </tr> <tr> <td>Ancillary/ other</td> <td>1,829.69</td> <td>–</td> </tr> <tr> <td>Total</td> <td>124,502.90</td> <td>38,724.68</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	60,022.69	–	Mid-rise residential	42,825.60	–	Multi-Storey apartments	13,082.52	–	Townhouses	6,742.40	–	Car parks	–	38,724.68	Ancillary/ other	1,829.69	–	Total	124,502.90	38,724.68	As of the valuation date, the property was under development.	RMB537,000,000 (RENMINBI FIVE HUNDRED THIRTY SEVEN MILLION) (25% interest attributable to the Group: RMB134,250,000)
Use	Gross floor area (sq.m.)																												
	Above-ground	Underground																											
High-rise residential	60,022.69	–																											
Mid-rise residential	42,825.60	–																											
Multi-Storey apartments	13,082.52	–																											
Townhouses	6,742.40	–																											
Car parks	–	38,724.68																											
Ancillary/ other	1,829.69	–																											
Total	124,502.90	38,724.68																											
	The property is situated at the centre of Wuxing District, which is at the city centre of Huzhou City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been granted for a term of 70 years due to expire on May 31, 2088 for residential use.																												

Notes:

- (1) According to 2 Real Estate Title Certificates issued by Huzhou Municipal Bureau of Land Resource (湖州市國土資源局) on March 1, 2018, the land use rights of the parcels of land with a total site area of 73,237.00 sq.m. upon which the property is being erected have been vested in Huzhou Haiwang Kangshan Property Development Co., Ltd. (湖州海王康山置業發展有限公司) (a subsidiary of the Company owned as to 25% by the Company) with details as follows:

Certificate No.	Use	Expiry date of land use terms	Site area (sq.m.)
Zhe (2018) Huzhou Shi Budongchanquan No. 0018736	Residential	February 8, 2088	47,518.00
Zhe (2018) Huzhou Shi Budongchanquan No. 0018739	Residential	February 8, 2088	25,719.00
		Total:	73,237.00

- (2) According to Planning Permit for Construction Use of Land Di Zi No. 330504201800008 issued by Huzhou Municipal Planning Bureau (湖州市規劃局) on January 29, 2018, the construction site of land with a site area of approximately 73,237.00 sq.m. is in compliance with the urban planning requirements and has been approved.

- (3) According to Planning Permit for Construction Works Jian Zi No. 330504201800057 issued by Huzhou Municipal Planning Bureau (湖州市規劃局) on September 13, 2018, the construction works of the property with a total gross floor area of 143,680.17 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- (4) According to 2 Permits for Commencement of Construction Works issued by Huzhou Economic and Technological Development Zone Branch of Huzhou Municipal Bureau of Housing and Urban-Rural Development (湖州市住房和城鄉建設局湖州經濟技術開發區分局) on various dates, the construction works of the property with a total gross floor area of 179,157.28 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
330502201811280101	Land Parcel XSS-03-02-14 (Group B)	November 28, 2018	143,680.17
330502201811300401	Land Parcel XSS-03-02-14 (Group A)	November 30, 2018	35,477.11
		Total:	179,157.28

- (5) According to 4 Huzhou City Pre-sale Permits of Commodity Property issued by Huzhou Municipal Bureau of Housing and Urban-Rural Development (湖州市住房和城鄉建設局) on various dates, the development has been permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 64,423.85 sq.m. have been committed for sale at a total consideration of approximately RMB531,321,482 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB208,804,954. The estimated outstanding construction cost to complete the development as of the valuation date was RMB495,089,622. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,212,000,000.
- (9) According to the Business Licence issued by Huzhou Economic and Technological Development Zone Branch of Huzhou Municipal Administration for Industry and Commerce (湖州市工商行政管理局湖州經濟技術開發區分局) on May 18, 2018, Huzhou Haiwang Kangshan Property Development Co., Ltd. (湖州海王康山置業發展有限公司) (Unified Social Credit Code No.: 91330501MA2B3ACQ3X) has been established as a limited company with a registered capital of RMB200,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- Huzhou Haiwang Kangshan Property Development Co., Ltd. (湖州海王康山置業發展有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - all land premium for the development has been fully settled;
 - the design and construction of the property have been approved by the relevant government departments; and
 - the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Huzhou City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																					
19.	<p>The property under construction known as Qiu Shi Chen Yue, Lujiqiao Village, Chongxian Sub-district, Yuhang District, Hangzhou City, Zhejiang Province, the PRC</p> <p>(中華人民共和國 浙江省 杭州市 餘杭區 崇賢街道 陸家橋村 秋實宸悅 之在建部份)</p>	<p>The property comprises a residential development known as Qiu Shi Chen Yue being erected on a parcel of land with a total site area of approximately 28,344.00 sq.m. The property is scheduled for full completion in 2021.</p> <p>The property is being developed into a residential development comprising basement and 567 car park spaces with a total planned gross floor area of approximately 81,116.50 sq.m. The breakdown of the gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential⁽⁵⁾</td> <td>51,362.42</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>1,446.55</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>24,347.53</td> </tr> <tr> <td>Ancillary/ other</td> <td>3,960.00</td> <td>–</td> </tr> <tr> <td>Total</td> <td>56,768.97</td> <td>24,347.53</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential ⁽⁵⁾	51,362.42	–	Retail	1,446.55	–	Car parks	–	24,347.53	Ancillary/ other	3,960.00	–	Total	56,768.97	24,347.53	<p>As of the valuation date, the property was under development.</p>	<p>RMB849,000,000</p> <p>(RENMINBI EIGHT HUNDRED FORTY NINE MILLION)</p> <p>(25% interest attributable to the Group: RMB212,250,000)</p>
Use	Gross floor area (sq.m.)																							
	Above-ground	Underground																						
High-rise residential ⁽⁵⁾	51,362.42	–																						
Retail	1,446.55	–																						
Car parks	–	24,347.53																						
Ancillary/ other	3,960.00	–																						
Total	56,768.97	24,347.53																						

The property is situated at Yuhang District, which is at the northwest of Hangzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for terms of 70 years due to expire on November 5, 2088 for residential use and 40 years due to expire on November 5, 2058 for commercial use.

Notes:

- (1) According to Real Estate Title Certificate Zhe (2018) Yuhang Qu Budongchangquan No. 0139811 issued by Hangzhou Municipal Bureau of Land Resource (杭州市國土資源局) on November 5, 2018, the land use rights of the property with a site area of 28,344.00 sq.m. upon which the property is being erected have been vested in Hangzhou Chenrui Property Co., Ltd. (杭州宸睿置業有限公司) (a subsidiary of the Company owned as to 25% by the Company) for terms of 70 years due to expire on November 5, 2088 for urban residential use and 40 years due to expire on November 5, 2058 for commercial use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 330115201810001 issued by Hangzhou Municipal Planning Bureau (杭州市規劃局) on September 27, 2018, the construction site of land with a site area of approximately 28,344.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to Planning Permit for Construction Works Jian Zi No. 330115201810009 issued by Hangzhou Municipal Planning Bureau (杭州市規劃局) on December 13, 2018, the construction works with a total permissible gross floor area of 82,488 sq.m. are in compliance with the construction works requirements and have been approved.
- (4) According to Permit for Commencement of Construction Works No. 330110201812240401 issued by Hangzhou City Yuhang District Bureau of Housing and Urban-Rural Development (杭州市餘杭區住房和城鄉建設局) on December 24, 2018, the construction works of the property with a total gross floor area of 82,488.00 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) Excluding 40 units of residential units with a total gross floor area of approximately 2,730 sq.m. to be transferred to the Affordable Housing Offices of Yuhang District, Hangzhou City (杭州市餘杭區住房保障辦公室) for free to be used as public rental houses upon completion. We have excluded such portions in our valuation.

- (6) According to 5 Hangzhou City Pre-sale Permits of Commodity Property issued by Hangzhou City Yuhang District Bureau of Housing and Urban-Rural Development (杭州市餘杭區住房和城鄉建設局) on various dates, the development has been permitted for pre-sale.
- (7) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 52,134.24 sq.m. have been committed for sale at a total consideration of approximately RMB875,185,990 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB158,240,744. The estimated outstanding construction cost to complete the development as of the valuation date was RMB206,336,259. We have taken into account such costs in the course of our valuation.
- (9) The development value of the property if completed as of the valuation date was approximately RMB1,139,000,000.
- (10) According to the Business Licence issued by Hangzhou City Yuhang District Administration for Industry and Commerce (杭州市餘杭區市場監督管理局) on August 10, 2018, Hangzhou Chenrui Property Co., Ltd. (杭州宸睿置業有限公司) (Unified Social Credit Code No.: 91330110MA2CDMP799) has been established as a limited company with a registered capital of RMB10,000,000.
- (11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Hangzhou Chenrui Property Co., Ltd. (杭州宸睿置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (12) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Hangzhou City Pre-sale Permits of Commodity Property	Yes
Business Licence	Yes

- (4) According to 3 Permits for Commencement of Construction Works issued by Shanghai City Chongming District Commission of Development and Management (上海市崇明區建設和管理委員會) on various dates, the construction works of the property with a total gross floor area of 75,398.10 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
1602CM0018D01	Pile foundation	January 28, 2019	—
1602CM0018D02	Phase II	March 15, 2019	46,420.70
1602CM0018D03	Phase I	March 15, 2019	28,977.40
	Total:		<u>75,398.10</u>

- (5) Excluding 24 units of residential units with a total gross floor area of approximately 2,160 sq.m. to be returned to the local government for free as social welfare housing upon completion. We have excluded such portions in our valuation.
- (6) According to 2 Shanghai City Pre-sale Permits of Commodity Property issued by Shanghai City Chongming District Bureau of Housing Security and Management (上海市崇明區住房保障和房屋管理局) on various dates, the development has been permitted for pre-sale.
- (7) As advised by the Group, as of the valuation date, various townhouses of the property with a total gross floor area of 17,258.25 sq.m. have been committed for sale at a total consideration of approximately RMB549,102,307 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB304,058,779. The estimated outstanding construction cost to complete the development as of the valuation date was RMB220,219,182. We have taken into account such costs in the course of our valuation.
- (9) The development value of the property if completed as of the valuation date was approximately RMB1,829,000,000.
- (10) According to Business Licence No. 30000000201810250791 issued by Shanghai City Chongming District Administration for Industry and Commerce (上海市崇明區市場監督管理局) on October 25, 2018, Shanghai Chongming Yushang Real Estate Development Co., Ltd. (上海崇明豫商房地產開發有限公司) (Unified Social Credit Code No.: 91310230301445070H) has been established as a limited company with a registered capital of RMB150,000,000.
- (11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Shanghai Chongming Yushang Real Estate Development Co., Ltd. (上海崇明豫商房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (12) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Shanghai City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
21. The property under construction known as Sunac Plaza, south of Yan'an East Road and west of Tianjing Road, Qingjiangpu District, Huai'an City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 淮安市 清江浦區 延安東路南側、 天津路西側 融創廣場 之在建部份)	The property comprises a portion of a composite development known as Sunac Plaza being erected on 3 parcels of land with a total site area of approximately 188,564.20 sq.m. The property is scheduled for completion in 2024. The property comprises residential units, retail units and ancillary units with a total planned gross floor area of approximately 603,635.18 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>412,123.58</td> <td>–</td> </tr> <tr> <td>Retail⁽⁵⁾</td> <td>15,117.08</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>12,294.05</td> <td>164,100.47</td> </tr> <tr> <td>Total</td> <td>439,534.71</td> <td>164,100.47</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	412,123.58	–	Retail ⁽⁵⁾	15,117.08	–	Ancillary/other	12,294.05	164,100.47	Total	439,534.71	164,100.47	As of the valuation date, the property was under development.	RMB1,750,000,000 (RENMINBI ONE THOUSAND SEVEN HUNDRED FIFTY MILLION) (25.5% interest attributable to the Group: RMB446,250,000)
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential	412,123.58	–																		
Retail ⁽⁵⁾	15,117.08	–																		
Ancillary/other	12,294.05	164,100.47																		
Total	439,534.71	164,100.47																		

The property is situated at Qingjiangpu District, which is at the south of Huai'an City. The vicinity comprises mainly residential and commercial developments.

The land use rights of the property have been granted for terms of 70 years due to expire on March 5, 2089 for residential use, 40 years due to expire on March 5, 2059 for commercial use.

Notes:

- (1) According to 3 Real Estate Title Certificates issued by Huai'an Municipal Bureau of Natural Resource and Planning (淮安市自然資源和規劃局) on August 6, 2019, the land use rights of the parcels of land with a total site area of 188,564.20 sq.m. upon which the property is being erected have been vested in Huai'an Guochuang Real Estate Development Co., Ltd. (淮安國創房地產開發有限公司) (a subsidiary of the Company owned as to 25.5% by the Company) with details as follows:

Certificate No.	Use	Expiry date of land use terms	Site area (sq.m.)
Su (2019) Huai'an Shi Budongchanquan No. 0069505	Residential/ Commercial	Residential: March 5, 2089 Commercial: March 5, 2059	81,544.80
Su (2019) Huai'an Shi Budongchanquan No. 0069504	Residential/ Commercial	Residential: March 5, 2089 Commercial: March 5, 2059	28,268.80
Su (2019) Huai'an Shi Budongchanquan No. 0069507	Residential/ Commercial	Residential: March 5, 2089 Commercial: March 5, 2059	78,750.60
		Total:	188,564.20

- (2) According to Planning Permit for Construction Use of Land Di Zi No. 320801201910003 issued by Huai'an Municipal Bureau of Natural Resource and Planning (淮安市自然資源和規劃局) on March 12, 2019, the construction site of land with a site area of approximately 188,564.20 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to 25 Planning Permits for Construction Works issued by Huai'an Municipal Bureau of Natural Resource and Planning (淮安市自然資源和規劃局) on various dates, the construction works of the property with a total gross floor area of 306,799.68 sq.m. are in compliance with the requirement of urban planning and have been permitted.

- (4) According to 2 Permits for Commencement of Construction Works Nos. 320821201907120201 and 320821201909060101 issued by Huai'an Municipal Bureau of Administrative Examination and Approval (淮安市行政審批局) on July 12, 2019 and September 6, 2019, the construction works of the property with a total gross floor area of 306,799.68 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) It is noted that the property will also include additional 85,000 sq.m. of commercial properties which are in turn owned by a third party business partner through the project company. The Group will not be entitled to such 85,000 sq.m. of commercial properties and therefore such area has been excluded from total GFA for retail and commercial as well as total saleable/leasable GFA under development.
- (6) According to 10 Huai'an City Pre-sale Permits of Commodity Property issued by Huai'an Municipal Bureau of Housing and Urban-Rural Development (淮安市住房和城鄉建設局) on various dates, the development has been permitted for pre-sale.
- (7) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 89,030.21 sq.m. have been committed for sale at a total consideration of approximately RMB782,042,952 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB354,575,032. The estimated outstanding construction cost to complete the development as of the valuation date was RMB2,096,814,898. We have taken into account such costs in the course of our valuation.
- (9) The development value of the property if completed as of the valuation date was approximately RMB5,245,000,000.
- (10) According to Business Licence No. 320800000201905240022 issued by Huai'an Municipal Bureau of Administrative Examination and Approval (淮安市行政審批局) on May 24, 2019, Huai'an Guochuang Real Estate Development Co., Ltd. (淮安國創房地產開發有限公司) (Unified Social Credit Code No.: 91320800MA1XD1PU7D) has been established as a limited company with a registered capital of RMB20,000,000.
- (11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Huai'an Guochuang Real Estate Development Co., Ltd. (淮安國創房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) The property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (12) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes (part)
Permit for Commencement of Construction Works	Yes (part)
Huai'an City Pre-sale Permit of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																							
22. The property under construction known as Guan Tang Fu, north of Yanzhen Road and east of Houde Road, Yandu District, Yancheng City, Jiangsu Province, the PRC (中華人民共和國江蘇省鹽城市鹽都區鹽枕路北側、厚德路東側觀棠府之在建部份)	The property comprises a composite development known as Guan Tang Fu being erected on a parcel of land with a total site area of approximately 69,049.00 sq.m. The property is scheduled for completion in 2022. The property is being developed into a composite development mainly residential comprising basement and 950 car parking spaces with a total planned gross floor area of approximately 203,999.60 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>124,087.00</td> <td>–</td> </tr> <tr> <td>Multi-storey apartments</td> <td>18,138.00</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>4,891.55</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>52,091.80</td> </tr> <tr> <td>Ancillary/other</td> <td>4,791.25</td> <td>–</td> </tr> <tr> <td>Total</td> <td>151,907.80</td> <td>52,091.80</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	124,087.00	–	Multi-storey apartments	18,138.00	–	Retail	4,891.55	–	Car parks	–	52,091.80	Ancillary/other	4,791.25	–	Total	151,907.80	52,091.80	As of the valuation date, the property was under development.	RMB972,000,000 (RENMINBI NINE HUNDRED SEVENTY TWO MILLION) (34% interest attributable to the Group: RMB330,480,000)
Use	Gross floor area (sq.m.)																									
	Above-ground	Underground																								
High-rise residential	124,087.00	–																								
Multi-storey apartments	18,138.00	–																								
Retail	4,891.55	–																								
Car parks	–	52,091.80																								
Ancillary/other	4,791.25	–																								
Total	151,907.80	52,091.80																								

The property is situated at Yandu District, which is at the north of Yancheng City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for terms of 70 years due to expire on May 7, 2089 for residential use and 40 years due to expire on May 7, 2059 for commercial use.

Notes:

- According to Real Estate Title Certificate (2019) No. 0029753 issued by Yancheng Municipal Bureau of Natural Resource and Planning (鹽城市自然資源和規劃局) on May 10, 2019, the land use rights of the property with a site area of 69,049.00 sq.m. have been vested in Jiangsu Tongganghong Property Co., Ltd. (江蘇通港弘置業有限公司) (a subsidiary of the Company owned as to 34% by the Company) for terms of 70 years due to expire on May 7, 2089 for residential use and 40 years due to expire on May 7, 2059 for commercial use.
- According to Planning Permit for Construction Use of Land Di Zi No. 320901201942009 issued by Yancheng Municipal Bureau of Natural Resource and Planning (鹽城市自然資源和規劃局) on March 7, 2019, the construction site of land with a site area of 69,049.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to 40 Planning Permits for Construction Works issued by Yancheng Municipal Bureau of Natural Resource and Planning (鹽城市自然資源和規劃局) on various dates, the construction works of the property with a total gross floor area of 206,134.56 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- According to 10 Permits for Commencement of Construction Works issued by Yancheng Municipal Bureau of Housing and Urban-Rural Development (鹽城市住房和城鄉建設局) on various dates, the construction works of the property with a total gross floor area of 203,836.83 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- According to 5 Yancheng City Pre-sale Permits of Commodity Property issued by H Yancheng Municipal Bureau of Housing and Urban-Rural Development (鹽城市住房和城鄉建設局) on various dates, the development has been permitted for pre-sale.

- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 66,901.01 sq.m. have been committed for sale at a total consideration of approximately RMB664,848,330 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB116,175,863. The estimated outstanding construction cost to complete the development as of the valuation date was RMB465,073,553. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,689,000,000.
- (9) According to the Business Licence issued on July 19, 2019, Jiangsu Tongganghong Property Co., Ltd. (江蘇通港弘置業有限公司) (Unified Social Credit Code No.: 91230903MA1XY5HM63) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Jiangsu Tongganghong Property Co., Ltd. (江蘇通港弘置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Yancheng City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
23. The property under construction known as Hanlin Capital, 8 East Hebin Road, Hai'an City, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 海安市 河濱路8號 翰林首府 之在建部份)	The property comprises a composite development known as Hanlin Capital being erected on a parcel of land with a total site area of approximately 57,633.00 sq.m. The property is scheduled for full completion in 2021. The property is being developed into a composite development mainly residential comprising basement and 1,124 car park spaces with a total planned gross floor area of approximately 202,981.75 sq.m. The breakdown of the gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>145,976.70</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>2,816.75</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>48,953.55</td> </tr> <tr> <td>Ancillary/ other</td> <td>5,234.75</td> <td>–</td> </tr> <tr> <td>Total</td> <td>154,028.20</td> <td>48,953.55</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	145,976.70	–	Retail	2,816.75	–	Car parks	–	48,953.55	Ancillary/ other	5,234.75	–	Total	154,028.20	48,953.55	As of the valuation date, the property was under development.	RMB1,145,000,000 (RENMINBI ONE THOUSAND ONE HUNDRED FORTY FIVE MILLION) (70% interest attributable to the Group: RMB801,500,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
High-rise residential	145,976.70	–																					
Retail	2,816.75	–																					
Car parks	–	48,953.55																					
Ancillary/ other	5,234.75	–																					
Total	154,028.20	48,953.55																					

The property is situated at Hai'an City, which is at the northwest of Nantong City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for terms of 70 years due to expire on March 24, 2089 for residential use and 40 years due to expire on March 24, 2059 for commercial use.

Notes:

- (1) According to Real Estate Title Certificate Su (2019) Hai'an Shi Budongchanquan No. 0004641 issued by Hai'an Municipal Bureau of Natural Resource (海安市自然資源局) on April 9, 2019, the land use rights of the parcel of land with a site area of 57,633.00 sq.m. upon which the property is being erected have been vested in Nantong Ganghua Property Co., Ltd. (南通港華置業有限公司) (a subsidiary of the Company owned as to 70% by the Company) for terms of 70 years due to expire on March 24, 2089 for residential use and 40 years due to expire on March 24, 2059 for commercial use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 19194 issued by Hai'an Municipal Bureau of Administrative Examination and Approval (海安市行政審批局) on April 4, 2019, the construction site of land with a site area of approximately 57,633.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to 19 Planning Permits for Construction Works issued by Hai'an Municipal Bureau of Administrative Examination and Approval (海安市行政審批局) on May 22, 2019, the construction works of the property with a total gross floor area of 202,981.75 sq.m. are in compliance with the requirement of urban planning and have been permitted.

- (4) According to 3 Permits for Commencement of Construction Works issued by Hai'an Municipal Bureau of Administrative Examination and Approval (海安市行政审批局) on various dates, the construction works of the property with a total gross floor area of 203,021.86 sq.m. are in compliance with the requirement of work commencement and have been permitted with details as follows:

Permit No.	Portion	Issue Date	Total gross floor area (sq.m.)
320621201905290301	Blocks 1, 10 and commercial	May 29, 2019	35,719.41
320621201906140201	Blocks 2, 5, 7, 11, underground car parks and ancillary facilities	June 14, 2019	66,251.76
320621201906140301	Blocks 4, 5, 6, 8, 9, 12, 15, commercial, underground car parks and ancillary facilities	June 14, 2019	101,050.69
		Total:	<u>203,021.86</u>

- (5) According to 7 Hai'an City Pre-sale Permits of Commodity Property issued by Hai'an Municipal Bureau of Housing and Urban-Rural Development (海安市住房和城乡建设局) on various dates, the development has residential units and retail units permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various portions of the property with a total gross floor area of 141,759 sq.m. have been committed for sale at a total consideration of approximately RMB1,631,288,336 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land costs) as of the valuation date was approximately RMB215,308,271. The estimated outstanding construction cost to complete the development as of the valuation date was RMB522,290,383. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB2,006,000,000.
- (9) According to Business Licence No. 320621000201905150200 issued by Hai'an Municipal Bureau of Administrative Examination and Approval (海安市行政审批局) on May 15, 2019, Nantong Ganghua Property Co., Ltd. (南通港華置業有限公司) (Unified Social Credit Code No.: 91320621MA1XWK9A7M) has been established as a limited company with a registered capital of RMB71,428,500.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Nantong Ganghua Property Co., Ltd. (南通港華置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Hai'an City Pre-sale Permits of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																		
24.	<p>The property under construction known as Long Yue Fu, east of Libai Road, south of Baixing Road and west of Limao Road, Wujin District, Changzhou City, Jiangsu Province, the PRC</p> <p>(中華人民共和國江蘇省常州市武進區禮百路東側、百興路南側、禮毛路以西龍悅府之在建部份)</p>	<p>The property comprises a composite development known as Long Yue Fu being erected on a parcel of land with a total site area of approximately 27,590 sq.m. The property is scheduled for full completion in 2021.</p> <p>The property is being developed into a composite development mainly residential comprising basement and 358 car parking spaces with a total planned gross floor area of approximately 66,346.81 sq.m. The breakdown of the planned gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th>Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>48,061.58</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>494.04</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>10,750.00</td> </tr> <tr> <td>Ancillary/other</td> <td>1,552.60</td> <td>5,488.59</td> </tr> <tr> <td>Total</td> <td>50,108.22</td> <td>16,238.59</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		High-rise residential	48,061.58	–	Retail	494.04	–	Car parks	–	10,750.00	Ancillary/other	1,552.60	5,488.59	Total	50,108.22	16,238.59	<p>As of the valuation date, the property was under development.</p> <p>RMB297,000,000</p> <p>(RENMINBI TWO HUNDRED NINETY SEVEN MILLION)</p> <p>(51% interest attributable to the Group: RMB151,470,000)</p>
Use	Gross floor area (sq.m.)																				
High-rise residential	48,061.58	–																			
Retail	494.04	–																			
Car parks	–	10,750.00																			
Ancillary/other	1,552.60	5,488.59																			
Total	50,108.22	16,238.59																			

The property is situated at Wujin District, which is at the south of Changzhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been granted for a term of 70 years due to expire on June 2, 2089 for residential use .

Notes:

- According to Real Estate Title Certificate Su (2019) Changzhou Shi Budongchanquan No. 2020717 issued on June 17, 2019, the land use rights of the property with a site area of 27,590 sq.m. have been vested in Changzhou Kaiyang Property Co., Ltd. (常州市凱陽置業有限公司) for a term of 70 years due to expire on June 2, 2089 for residential use.
- According to Planning Permit for Construction Use of Land Di Zi No. 320400201950051 issued by Changzhou Natural Resource Bureau (常州市自然資源局) on June 12, 2019, the construction site of land with a site area of 27,590 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to Planning Permit for Construction Works Jian Zi No. 320400201950084 issued by Changzhou Natural Resource Bureau (常州市自然資源局) on June 27, 2019, the construction works of the property with a total gross floor area of 66,346.81 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- According to Permit for Commencement of Construction Works No. 320412201907250201 issued by Changzhou Wujin District Administrative Approval Bureau (常州市武進區行政審批局) on July 25, 2019, the construction works of the property with a total gross floor area of 66,346.8 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- According to 6 Changzhou City Pre-sale Permits of Commodity Property issued by Changzhou City Wujin District Bureau of Administrative Examination and Approval (常州市武進區行政審批局) on various dates, the development has residential units and car parking spaces permitted for pre-sale.
- As advised by the Group, as of the valuation date, various high-rise residential units of the property with a total gross floor area of 50,078.07 sq.m. have been committed for sale at a total consideration of approximately RMB471,090,459 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB52,560,493. The estimated outstanding construction cost to complete the development as of the valuation date was RMB171,493,349. We have taken into account such costs in the course of our valuation.

- (8) The development value of the property if completed as of the valuation date was approximately RMB549,000,000.
- (9) According to Business Licence No. 320483000201904300274 issued on April 30, 2019, Changzhou Kaiyang Property Co., Ltd. (常州市凱陽置業有限公司) (Unified Social Credit Code No.: 91320412MA1YBA2340) has been established as a limited company with a registered capital of RMB20,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Changzhou Kaiyang Property Co., Ltd. (常州市凱陽置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|-------------------------------------------------------------|------------|
| Grant Contract of State-owned Land Use Rights..... | Yes |
| Real Estate Title Certificate | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works..... | Yes |
| Permit for Commencement of Construction Works..... | Yes |
| Changzhou City Per-sale Permits of Commodity Property | Yes (part) |
| Business Licence..... | Yes |

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																						
25.	<p>The property under construction known as Ganglong – Bo Yue Fu, Shangyu District, Shaoxing City, Zhejiang Province, the PRC</p> <p>(中華人民共和國 浙江省 紹興市 上虞區 港龍•鉞樾府之在建部份)</p>	<p>As of the valuation date, the property was under development.</p>	<p>RMB1,024,000,000</p> <p>(RENMINBI ONE THOUSAND TWENTY FOUR MILLION)</p> <p>(69.96% interest attributable to the Group: RMB716,390,400)</p>																						
	<p>The property comprises a composite development known as Ganglong- Bo Yue Fu being erected on a parcel of land with a total site area of approximately 80,567.60 sq.m. The property is scheduled for full completion in 2021.</p> <p>The property is being developed into a composite development mainly residential comprising basement and 685 car parking spaces with a total planned gross floor area of approximately 129,510.81 sq.m. The breakdown of the planned gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>33,580.88</td> <td>–</td> </tr> <tr> <td>Townhouses</td> <td>42,630.30</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>5,000.14</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>37,521.65</td> </tr> <tr> <td>Ancillary/ other</td> <td>7,410.84</td> <td>3,367.00</td> </tr> <tr> <td>Total</td> <td>88,622.16</td> <td>40,888.65</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	33,580.88	–	Townhouses	42,630.30	–	Retail	5,000.14	–	Car parks	–	37,521.65	Ancillary/ other	7,410.84	3,367.00	Total	88,622.16	40,888.65	
Use	Gross floor area (sq.m.)																								
	Above-ground	Underground																							
High-rise residential	33,580.88	–																							
Townhouses	42,630.30	–																							
Retail	5,000.14	–																							
Car parks	–	37,521.65																							
Ancillary/ other	7,410.84	3,367.00																							
Total	88,622.16	40,888.65																							

The property is situated at the north of Shangyu District, which is at the east of Shaoxing City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years due to expire on December 2, 2089 for residential use and 40 years due to expire on December 2, 2059 for commercial and other use.

Notes:

- According to Real Estate Title Certificate Zhe (2019) Shaoxing Shi Shangyu Qu Budongchanquan No. 0041732 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on September 6, 2019, the land use rights of the parcel of land with a site area of 80,567.60 sq.m. upon which the property is being erected have been vested in Shaoxing Gangxing Property Co., Ltd. (紹興港興置業有限公司) (a subsidiary of the Company owned as to approximately 69.96% by the Company) for terms of 70 years due to expire on December 2, 2089 for residential use and 40 years due to expire on December 2, 2059 for commercial and other uses.
- According to Planning Permit for Construction Use of Land Di Zi No. 330682201900054 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on August 29, 2019, the construction site of land with a site area of approximately 80,567.6 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to Planning Permit for Construction Works Jian Zi No. 330682201900064 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on September 20, 2019, the construction works with a total permissible gross floor area of 88,622.16 sq.m. are in compliance with the construction works requirements and have been approved.
- According to 2 Permits for Commencement of Construction Works issued by Shaoxing Municipal Bureau of Housing and Urban-Rural Development (紹興市住房和城鄉建設局) on September 30, 2019, the construction works of the property with a total gross floor area of 129,470.61 sq.m. are in compliance with the requirement of work commencement and have been permitted.

- (5) According to Shaoxing City Pre-sale Permit of Commodity Property Shao Shi Shou Xi Zi (2019) No. 00924 issued by Shaoxing Municipal Bureau of Housing and Urban-Rural Development (紹興市住房和城鄉建設局) on December 17, 2019, portion of the development has been permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various high-rise residential units and townhouses of the property with a total gross floor area of 34,230.70 sq.m. have been committed for sale at a total consideration of approximately RMB639,169,237 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB137,051,893. The estimated outstanding construction cost to complete the development as of the valuation date was RMB386,127,895. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,675,000,000.
- (9) According to the Business Licence issued on June 24, 2019, Shaoxing Gangxing Property Co., Ltd. (紹興港興置業有限公司) (Unified Social Credit Code No.: 91330604MA2D68699D) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Shaoxing Gangxing Property Co., Ltd. (紹興港興置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works.....	Yes
Permit for Commencement of Construction Works.....	Yes
Shaoxing City Pre-sale Permit of Commodity Property.....	Yes (part)
Business Licence.....	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
26.	The property under construction known as Chen Yuan, north of Fuchunjiang Road and east of Huangshan Road, Rudong County, Nantong City, Jiangsu Province, the PRC (中華人民共和國江蘇省南通市如東縣富春江路北側、黃山路西側農園之在建部份)	The property comprises a parcel of land with a total site area of approximately 38,236.70 sq.m. for the development to be known as Chen Yuan. The property is scheduled for full completion in 2021. The property is planned to be developed into a composite development mainly residential comprising basement and 827 car parking spaces with a total planned gross floor area of approximately 126,318.82 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>80,712.00</td> <td>-</td> </tr> <tr> <td>Retail</td> <td>3,585.00</td> <td>-</td> </tr> <tr> <td>Car parks</td> <td>-</td> <td>40,286.82</td> </tr> <tr> <td>Ancillary/ other</td> <td>1,735.00</td> <td>-</td> </tr> <tr> <td>Total</td> <td>86,032.00</td> <td>40,286.82</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	80,712.00	-	Retail	3,585.00	-	Car parks	-	40,286.82	Ancillary/ other	1,735.00	-	Total	86,032.00	40,286.82	As of the valuation date, the property was under development. RMB606,000,000 (RENMINBI SIX HUNDRED SIX MILLION) (51% interest attributable to the Group: RMB309,060,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
High-rise residential	80,712.00	-																					
Retail	3,585.00	-																					
Car parks	-	40,286.82																					
Ancillary/ other	1,735.00	-																					
Total	86,032.00	40,286.82																					

The property is situated at Rudong County, which is at the northwest of Nantong City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years due to expire on August 18, 2089 for residential use and 40 years due to expire on August 18, 2059 for commercial and other uses.

Notes:

- (1) According to Real Estate Title Certificate Su (2019) Rudong Xian Budongchanquan No. 0006422 issued by Rudong County Bureau of Natural Resource (如東縣自然資源局) on August 21, 2019, the land use rights of the parcel of land with a site area of 38,236.70 sq.m. upon which the property is being erected have been vested in Rudong Gangrui Property Co., Ltd. (如東港瑞置業有限公司) (a subsidiary of the Company owned as to 51% by the Company) for terms of 70 years due to expire on August 18, 2089 for residential use and 40 years due to expire on August 18, 2059 for commercial and other uses.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 320623201900031 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on July 16, 2019, the construction site of land with a site area of 38,236.7 sq m is in compliance with the urban planning requirements and has been approved.
- (3) According to Planning Permit for Construction Works Jian Zi No. 320623201900044 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on September 23, 2019, the construction works with a total permissible gross floor area of 125,991.01 sq.m. are in compliance with the construction works requirements and have been approved.
- (4) According to 2 Permits for Commencement of Construction Works issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on various dates, the construction works of the property with a total gross floor area of 125,991.01 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) According to 2 Rudong County Pre-sale Permit of Commodity Property issued by Rudong County Bureau of Housing and Urban-Rural Development (如東縣住房和城鄉建設局) on various dates, the development has residential units and retail units been permitted for pre-sale.

- (6) As advised by the Group, as of the valuation date, various high-rise residential units of the property with a total gross floor area of 14,823.30 sq.m. have been committed for sale at a total consideration of approximately RMB174,071,780 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB75,205,814. The estimated outstanding construction cost to complete the development as of the valuation date was RMB338,729,625. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,201,000,000.
- (9) According to the Business Licence no. 32023666201908070059 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on August 7, 2019, Rudong Gangrui Property Co., Ltd. (如東港瑞置業有限公司) (Unified Social Credit Code No.: 91320623MAIYM8FY50) has been established as a limited company with a registered capital of RMB50,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Rudong Gangrui Property Co., Ltd. (如東港瑞置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Rudong County Pre-sale Permit of Commodity Property	Yes (part)
Business Licence	Yes

- (6) As advised by the Group, as of the valuation date, various high-rise residential units of the property with a total gross floor area of 21,518.93 sq.m. have been committed for sale at a total consideration of approximately RMB208,779,997 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB48,974,472. The estimated outstanding construction cost to complete the development as of the valuation date was RMB572,864,061. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,686,000,000.
- (9) According to the Business Licence issued on August 6, 2019, Changzhou Gangjia Property Co., Ltd. (常州港嘉置業有限公司) (Unified Social Credit Code No.: 91320412MA1YUK892Y) has been established as a limited company with a registered capital of RMB350,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Changzhou Gangjia Property Co., Ltd. (常州港嘉置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Changzhou City Pre-sale Permit of Commodity Property	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
28. The property under construction known as Xi Yue, 399 Changjiang Road, north of Zhujiang Road and west of Zhongshan Road, Rudong County, Nantong City, Jiangsu Province, the PRC (中華人民共和國 江蘇省 南通市 如東縣 珠江路北側、 中山路西側 長江路399號 熙悅之在建部分)	The property comprises a composite development known as Xi Yue being erected on a parcel of land with a total site area of approximately 24,536.50 sq.m. The property is scheduled for full completion in 2021. The property is being developed into a composite development mainly residential comprising basement and 682 car parking spaces with a total planned gross floor area of approximately 77,120.81 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>50,401.69</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>2,881.12</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>22,229.00</td> </tr> <tr> <td>Ancillary/ other</td> <td>1,609.00</td> <td>–</td> </tr> <tr> <td>Total</td> <td>54,891.81</td> <td>22,229.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	50,401.69	–	Retail	2,881.12	–	Car parks	–	22,229.00	Ancillary/ other	1,609.00	–	Total	54,891.81	22,229.00	As of the valuation date, the property was under development.	RMB401,000,000 (RENMINBI FOUR HUNDRED ONE MILLION) (51% interest attributable to the Group: RMB204,510,000)
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
High-rise residential	50,401.69	–																					
Retail	2,881.12	–																					
Car parks	–	22,229.00																					
Ancillary/ other	1,609.00	–																					
Total	54,891.81	22,229.00																					

The property is situated at Rudong County, which is at the northwest of Nantong City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years due to expire on September 18, 2089 for residential use and 40 years due to expire on September 18, 2059 for commercial use.

Notes:

- According to Real Estate Title Certificate Su (2019) Rudong Xian Budongchanquan No. 0008834 issued by Rudong County Bureau of Natural Resource (如東縣自然資源局) on November 15, 2019, the land use rights of the parcel of land with a site area of 24,536.50 sq.m. upon which the property is being erected have been vested in Rudong Gangda Property Co., Ltd. (如東港達置業有限公司) (a subsidiary of the Company owned as to 51% by the Company) for terms of 70 years due to expire on September 18, 2089 for residential use and 40 years due to expire on September 18, 2059 for commercial use.
- According to Planning Permit for Construction Use of Land Di Zi No. 320623201900033 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on August 8, 2019, the construction site of land with a site area of approximately 24,536.5 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to Planning Permit for Construction Works Jian Zi No. 320623201900069 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on December 30, 2019, the construction works with a total permissible gross floor area of 78,558.7 sq.m. are in compliance with the construction works requirements and have been approved.
- According to Permit for Commencement of Construction Works No. 320623202001080101 issued by Rudong County Bureau of Administrative Examination and Approval (如東縣行政審批局) on January 8, 2020, the construction works of the property with a total gross floor area of 78,558.7 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB12,926,398. The estimated outstanding construction cost to complete the development as of the valuation date was RMB265,014,005. We have taken into account such costs in the course of our valuation.

- (6) The development value of the property if completed as of the valuation date was approximately RMB821,000,000.
- (7) According to Business Licence No. 320623666201909030168 issued on September 3, 2019, Rudong Gangda Property Co., Ltd. (如東港達置業有限公司) (Unified Social Credit Code No.: 91320623MA1YRUN21N) has been established as a limited company with a registered capital of RMB50,000,000.
- (8) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Rudong Gangda Property Co., Ltd. (如東港達置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage since April 15, 2020. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (9) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020														
29. The property under construction known as Tang Yue Ming Zhu, south of Tonggang Road and west of Taishan Road, Longteng District, Changshu City, Jiangsu Province, the PRC (中華人民共和國江蘇省常熟市龍騰片區通港路南側、台山路西側棠悅名築之在建部分)	The property comprises a residential development known as Tang Yue Ming Zhu being erected on a parcel of land with a total site area of approximately 62,585.00 sq.m. The property is scheduled for full completion in 2022. The property is being developed into a residential development comprising basement with a total planned gross floor area of approximately 190,399.03 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>125,361.74</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>13,037.29</td> <td>52,000.00</td> </tr> <tr> <td>Total</td> <td>138,399.03</td> <td>52,000.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	125,361.74	–	Ancillary/other	13,037.29	52,000.00	Total	138,399.03	52,000.00	As of the valuation date, the property was under development.	RMB1,585,000,000 (RENMINBI ONE THOUSAND FIVE HUNDRED EIGHTY FIVE MILLION) (34.9% interest attributable to the Group: RMB553,165,000)
Use	Gross floor area (sq.m.)																
	Above-ground	Underground															
High-rise residential	125,361.74	–															
Ancillary/other	13,037.29	52,000.00															
Total	138,399.03	52,000.00															

The property is situated at Longteng District of Changshu City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for a term of 70 years due to expire on December 1, 2089 for residential use.

Notes:

- (1) According to Real Estate Title Certificate Su (2019) Changshu Shi Budongchanquan No. 8124322 issued on October 18, 2019, the land use rights of the parcel of land with a site area of 62,585.00 sq.m. upon which the property is being erected have been vested in Suzhou Ruixing Real Estate Co., Ltd. (蘇州瑞興房地產有限公司) (a subsidiary of the Company owned as to 34.9% by the Company) for a term of 70 years due to expire on December 1, 2089 for residential use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 320581201900094 issued by Changshu Municipal Bureau of Administrative Examination and Approval (常熟市行政審批局) on September 26, 2019, the construction site of land with a site area of approximately 62,585 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to Planning Permit for Construction Works Jian Zi No. 320581201900389 issued by Changshu Municipal Bureau of Administrative Examination and Approval (常熟市行政審批局) on October 25, 2019, the construction works with a total permissible gross floor area of 138,399.03 sq.m. are in compliance with the construction works requirements and have been approved.
- (4) According to Permit for Commencement of Construction Works No. 320581201911080901 issued by Changshu Municipal Bureau of Administrative Examination and Approval (常熟市行政審批局) on November 8, 2019, the construction works of the property with a total gross floor area of 190,399.03 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) According to Changshu City Pre-sale Permit of Commodity Property Chang Fang Yushou Zi (2020) Nos. 002 and 007 issued by Changshu Municipal Bureau of Housing and Urban-Rural Development (常熟市住房和城鄉建設局) on January 22, 2020, portion of the development has been permitted for pre-sale.
- (6) As advised by the Group, as of the valuation date, various high-rise residential units of the property with a total gross floor area of 2,777.43 sq.m. have been committed for sale at a total consideration of approximately RMB48,611,806 (exclusive of VAT). We have included such portions and taken into account the consideration in our valuation.

- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB73,784,082. The estimated outstanding construction cost to complete the development as of the valuation date was RMB607,368,538. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB2,758,000,000.
- (9) According to Business Licence No. 320581666201911180152 issued on November 18, 2019, Suzhou Ruixing Real Estate Co., Ltd. (蘇州瑞興房地產有限公司) (Unified Social Credit Code No.: 91320581MA201JRU5N) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Suzhou Ruixing Real Estate Co., Ltd. (蘇州瑞興房地產有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works.....	Yes
Permit for Commencement of Construction Works	Yes
Changshu City Pre-sale Permit of Commodity Property	Yes (part)
Business Licence.....	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
30. The property under construction known as Jun Wang Mei Ting, Wuxing Middle Road, Cao'e Sub-district, Shangyu Economic Development Zone, Shaoxing City, Zhejiang Province, the PRC (中華人民共和國 浙江省 紹興市 上虞經濟開發區 曹娥街道 五星中路 君望美庭之在建部分)	<p>The property comprises a composite development known as Jun Wang Mei Ting being erected on a parcel of land with a total site area of approximately 92,293.40 sq.m. The property is scheduled for full completion in 2023.</p> <p>The property is planned to be developed into a composite development mainly residential comprising basement with a total planned gross floor area of approximately 275,881.48 sq.m. The breakdown of the planned gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>200,502.28</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>5,000.00</td> <td>–</td> </tr> <tr> <td>Ancillary/other</td> <td>5,079.20</td> <td>65,300.00</td> </tr> <tr> <td>Total</td> <td>210,581.48</td> <td>65,300.00</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	200,502.28	–	Retail	5,000.00	–	Ancillary/other	5,079.20	65,300.00	Total	210,581.48	65,300.00	As of the valuation date, the property was under development.	RMB1,570,000,000 (RENMINBI ONE THOUSAND FIVE HUNDRED SEVENTY MILLION) (50% interest attributable to the Group: RMB785,000,000)
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential	200,502.28	–																		
Retail	5,000.00	–																		
Ancillary/other	5,079.20	65,300.00																		
Total	210,581.48	65,300.00																		
	<p>The property is situated at Shangyu Economic Development Zone of Shaoxing City. Developments in the vicinity comprise mainly residential developments.</p> <p>The land use rights of the property have been contracted to be granted for terms of 70 years due to expire on February 25, 2090 for residential use and 40 years due to expire on February 25, 2060 for commercial and other uses.</p>																			

Notes:

- (1) According to Real Estate Title Certificate Zhe (2019) Shaoxing Shi Shangyu Qu Budongchanquan No. 0052998 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on December 5, 2019, the land use rights of the parcel of land with a site area of 92,923.40 sq.m. upon which the property is being erected have been vested in Shaoxing Gangtong Property Co., Ltd. (紹興港同置業有限公司) (a subsidiary of the Company owned as to 50% by the Company) for terms of 70 years due to expire on February 25, 2090 for residential use and 40 years due to expire on February 25, 2060 for commercial and other uses.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 330682201900073 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on November 13, 2019, the construction site of land with a site area of approximately 92,923.4 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) According to Planning Permit for Construction Works Jian Zi No. 330682201900079 issued by Shaoxing Municipal Bureau of Natural Resource and Planning (紹興市自然資源和規劃局) on December 5, 2019, the construction works with a total permissible gross floor area of 102,890.63 sq.m. are in compliance with the construction works requirements and have been approved.
- (4) According to Permit for Commencement of Construction Works No. 330604201912230101 issued by Shaoxing City Shangyu District Bureau of Housing and Urban-Rural Development (紹興市上虞區區住房和城鄉建設局) on December 23, 2019, the construction works of the property with a total gross floor area of 135,879.40 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (5) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB75,954,618. The estimated outstanding construction cost to complete the development as of the valuation date was RMB1,065,873,041. We have taken into account such costs in the course of our valuation.

- (6) The development value of the property if completed as of the valuation date was approximately RMB3,450,000,000.
- (7) According to the Business Licence issued on September 19, 2019, Shaoxing Gangtong Property Co., Ltd. (紹興港同置業有限公司) (Unified Social Credit Code No.: 913330604MA2D6YPW9G) has been established as a limited company with a registered capital of RMB20,000,000.
- (8) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Shaoxing Gangtong Property Co., Ltd. (紹興港同置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (9) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Construction Works	Yes (part)
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																					
31.	<p>The property under construction known as Taoyuan Li, south of Hebin Road and west of Xin'an Road, Hai'an City, Nantong City, Jiangsu Province, the PRC</p> <p>(中華人民共和國江蘇省南通市海安市河濱路南側、新安路西側桃源里之在建部分)</p>	<p>The property comprises a composite development known as Taoyuan Li being erected on a parcel of land with a total site area of approximately 49,314.00 sq.m. The property is scheduled for full completion in 2022.</p> <p>The property is planned to be developed into a composite development mainly residential comprising basement and 898 car parking spaces with a total planned gross floor area of approximately 159,692.35 sq.m. The breakdown of the planned gross floor area is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential⁽⁵⁾</td> <td>119,048.22</td> <td>–</td> </tr> <tr> <td>Retail⁽⁵⁾</td> <td>2,104.14</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>36,113.90</td> </tr> <tr> <td>Ancillary/other</td> <td>2,426.14</td> <td>–</td> </tr> <tr> <td>Total</td> <td>123,578.45</td> <td>36,113.90</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential ⁽⁵⁾	119,048.22	–	Retail ⁽⁵⁾	2,104.14	–	Car parks	–	36,113.90	Ancillary/other	2,426.14	–	Total	123,578.45	36,113.90	<p>As of the valuation date, the property was under development.</p>	<p>RMB427,000,000</p> <p>(RENMINBI FOUR HUNDRED TWENTY SEVEN MILLION)</p> <p>(28% interest attributable to the Group: RMB119,560,000)</p>
Use	Gross floor area (sq.m.)																							
	Above-ground	Underground																						
High-rise residential ⁽⁵⁾	119,048.22	–																						
Retail ⁽⁵⁾	2,104.14	–																						
Car parks	–	36,113.90																						
Ancillary/other	2,426.14	–																						
Total	123,578.45	36,113.90																						

The property is situated at Hai'an City of Nantong City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years due to expire on November 20, 2089 for residential use and 40 years due to expire on November 20, 2059 for commercial use.

Notes:

- (1) According to Real Estate Title Certificate Su (2019) Hai'an Shi Budongchanquan No. 0017407 issued by Hai'an Municipal Bureau of Natural Resource (海安市自然資源局) on January 2, 2020, the land use rights of the parcel of land with a site area of 49,314.00 sq.m. upon which the property is being erected have been vested in Nantong Xinhe Property Co., Ltd. (南通欣和置業有限公司) (a subsidiary of the Company owned as to 28% by the Company) for terms of 70 years due to expire on November 20, 2089 for residential use and 40 years due to expire on November 20, 2059 for commercial use.
- (2) According to Planning Permit for Construction Use of Land Di Zi No. 19431 issued by Hai'an Municipal Bureau of Administrative Examination and Approval (海安市行政審批局) on November 21, 2019, the construction site of land with a site area of approximately 49,314 sq.m. is in compliance with the urban planning requirements and has been approved.
- (3) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB6,411,155. The estimated outstanding construction cost to complete the development as of the valuation date was approximately RMB621,615,726. We have taken into account such costs in the course of our valuation.
- (4) The development value of the property if completed as of the valuation date was approximately RMB1,302,000,000.
- (5) Including 68 units of resettlement houses with a total gross floor area of approximately 9,000 sq.m. for residential use and approximately 1,000 sq.m. for commercial use reserved for resettlement purposes by Hai'an High-tech Industrial Development Zone Administrative Committee (海安高新技術產業開發區管理委員會) to be sold at the prices of RMB4,000 sq.m. for residential properties and RMB7,500 per sq.m. for commercial properties upon completion. We have included such portions and taken into account the repurchase prices in our valuation.
- (6) According to Business Licence No. 320621666201909290185 issued on September 29, 2019, Nantong Xinhe Property Co., Ltd. (南通欣和置業有限公司) (Unified Social Credit Code No.: 91320621MA205G4906) has been established as a limited company with a registered capital of RMB10,000,000.

- (7) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Nantong Xinhe Property Co., Ltd. (南通欣和置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development have been fully settled; and
 - (iii) the property is subject to mortgage since April 21, 2020. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (8) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|----------------------------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Business Licence | Yes |

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																				
32.	The property under construction known as River of Mansion, south of Puwu Road and west of Nanwan Street Qiaolin Sub-district, Pukou District, Nanjing City, Jiangsu Province, the PRC (中華人民共和國江蘇省南京市浦口區橋林街道浦烏路以南、南灣街以西時光泊月園之在建部份)	The property comprises a proposed composite development known as River of Mansion being erected on a parcel of land with a total site area of approximately 28,187.78 sq.m. The property is scheduled for full completion in 2021. The property is planned to be developed into a composite development mainly residential comprising basement and car parking spaces, with a total planned gross floor area of approximately 48,864.20 sq.m. The breakdown of the planned gross floor area is as shown:	RMB269,000,000 (RENMINBI TWO HUNDRED SIXTY NINE MILLION) (50% interest attributable to the Group: RMB134,500,000)																				
		<table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>32,726.50</td> <td>–</td> </tr> <tr> <td>Retail</td> <td>504.80</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>4,088.00</td> </tr> <tr> <td>Ancillary/other</td> <td>594.00</td> <td>10,950.90</td> </tr> <tr> <td>Total</td> <td>33,825.30</td> <td>15,038.90</td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	Residential	32,726.50	–	Retail	504.80	–	Car parks	–	4,088.00	Ancillary/other	594.00	10,950.90	Total	33,825.30	15,038.90	
Use	Gross floor area (sq.m.)																						
	Above-ground	Underground																					
Residential	32,726.50	–																					
Retail	504.80	–																					
Car parks	–	4,088.00																					
Ancillary/other	594.00	10,950.90																					
Total	33,825.30	15,038.90																					

The property is situated at Pukou District of Nanjing City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years for residential use and 40 years for commercial use.

Notes:

- According to Real Estate Title Certificate Su (2020)0004196 issued by Nanjing Municipal Bureau of Planning and Natural Resource (南京市規劃和自然資源局) on February 27, 2020, the land use rights of the parcel of land with a site area of 28,187.78 sq.m. upon which the property is being erected have been vested in Nanjing Ganghong Real Estate Development Co., Ltd. (南京港弘房地產開發有限公司) for a term of 70 years due to expire on February 23, 2090 for residential use.
- According to Grant Contract of State-owned Land Use Rights No. 3201112019CR0038 entered into between Nanjing Municipal Bureau of Planning and Natural Resource (南京市規劃和自然資源局) and Changzhou Jiachang Property Co., Ltd. (常州嘉昌置業有限公司) on November 27, 2019, the land use rights of the property comprising a total site area of 28,187.78 sq.m. have been contracted to be granted to Changzhou Jiachang Property Co., Ltd. (常州嘉昌置業有限公司) for terms of 70 years for residential use and 40 years for commercial use. The salient conditions are set out as follows:

Land Use	:	Residential/ Commercial
Site Area	:	28,187.78 sq.m.
Land Use Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	1.01 to 1.2
Permissible Gross Floor Area	:	N/A
Land Premium	:	RMB290,000,000
Building Covenant	:	To complete construction before September 13, 2022
- According to the supplementary contract to aforesaid Grant Contract of State-owned Land Use Rights entered into between Nanjing Municipal Bureau of Planning and Natural Resource (南京市規劃和自然資源局), Changzhou Jiachang Property Co., Ltd. (常州嘉昌置業有限公司), and Nanjing Ganghong Real Estate Development Co., Ltd. (南京港弘房地產開發有限公司) on December 10, 2019, the land use rights of the property have been contracted to be transferred to Nanjing Ganghong Real Estate Development Co., Ltd. (南京港弘房地產開發有限公司) (a subsidiary of the Company owned as to 50% by the Company).

- (4) Planning Permit for Construction Use of Land Di Zi No. 320111201920183 issued by Nanjing Municipal Bureau of Planning and Natural Resource (南京市規劃和自然資源局) on December 23, 2019, the construction site of land with a site area of approximately 28,187.78 sq.m. is in compliance with the urban planning requirements and has been approved.
- (5) According to Planning Permit for Construction Works Jian Zi Nos. 320111202028001 and 320111202020052 issued by Nanjing Municipal Bureau of Planning and Natural Resource (南京市規劃和自然資源局) on January 10, 2020 and February 21, 2020 respectively, the construction works with a total permissible gross floor area of 49,559.57 sq.m. are in compliance with the construction works requirements and have been approved.
- (6) According to Permit for Commencement of Construction Works No. 320111202003231201 issued by Nanjing City Pukou District Bureau of Administrative Examination and Approval (南京市浦口區行政審批局) on March 23, 2020, the construction works of the property with a total gross floor area of 48,824.90 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB1,947,638. The estimated outstanding construction cost to complete the development as of the valuation date was RMB191,291,396. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB556,000,000.
- (9) According to Business Licence No. 320111000201912040051 issued on December 4, 2019, Nanjing Ganghong Real Estate Development Co., Ltd. (南京港弘房地產開發有限公司) (Unified Social Credit Code No.: 91320111MA20J623A) has been established as a limited company with a registered capital of RMB100,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Nanjing Ganghong Real Estate Development Co., Ltd. (南京港弘房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Grant Contract of State-owned Land Use Rights	Yes
Supplementary Contact of Grant Contract of State-owned Land Use Rights . . .	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020																	
33.	The property under construction known as Hanlin Fu Huayuan, west of Hailing Road and south of Haijun Road, Yiyao High-tech Industrial Development Zone, Taizhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省泰州市醫藥高新區海陵南路西側、海軍大道南側翰林府花園之待開發土地之在建部份)	The property comprises a proposed composite development known as Hanlin Fu Huayuan being erected on a parcel of land with a total site area of approximately 53,700.00 sq.m. The property is scheduled for full completion in 2022. The property is planned to be developed into a residential development comprising basement and car parking spaces with a total planned gross floor area of approximately 190,213.69 sq.m. The breakdown of the planned gross floor area is as shown: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Gross floor area (sq.m.)</th> </tr> <tr> <th>Above-ground</th> <th>Underground</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>143,384.19</td> <td>–</td> </tr> <tr> <td>Car parks</td> <td>–</td> <td>25,273.00</td> </tr> <tr> <td>Ancillary</td> <td><u>1,799.50</u></td> <td><u>19,757.00</u></td> </tr> <tr> <td>Total</td> <td><u>145,183.69</u></td> <td><u>45,030.00</u></td> </tr> </tbody> </table>	Use	Gross floor area (sq.m.)		Above-ground	Underground	High-rise residential	143,384.19	–	Car parks	–	25,273.00	Ancillary	<u>1,799.50</u>	<u>19,757.00</u>	Total	<u>145,183.69</u>	<u>45,030.00</u>	As of the valuation date, the property was under construction. RMB864,000,000 (RENMINBI EIGHT HUNDRED SIXTY FOUR MILLION) (60% interest attributable to the Group: RMB518,400,000)
Use	Gross floor area (sq.m.)																			
	Above-ground	Underground																		
High-rise residential	143,384.19	–																		
Car parks	–	25,273.00																		
Ancillary	<u>1,799.50</u>	<u>19,757.00</u>																		
Total	<u>145,183.69</u>	<u>45,030.00</u>																		

The property is situated at Yiyao High-tech Industrial Development Zone of Taizhou City. Developments in the vicinity comprise mainly residential developments.

The land use rights of the property have been contracted to be granted for terms of 70 years for residential use.

Notes:

- According to Real Estate Title Certificate Su (2020)0101765 issued by Taizhou Municipal Bureau of Natural Resource and Planning (泰州市自然資源和規劃局) on March 10, 2020, the land use rights of the parcel of land with a site area of 53,700 sq.m. upon which the property is being erected have been vested in Taizhou Gangxinzheng Property Co., Ltd. (泰州港新正置業有限公司) for a term of 70 years due to expire on January 20, 2090 for residential use.
- According to Grant Contract of State-owned Land Use Rights No. 3212012019CR0017 entered into between Taizhou Municipal Bureau of Natural Resource and Planning (泰州市自然資源和規劃局) and Gangyu (Shanghai) Property Co., Ltd. (港彙(上海)置業有限公司) on December 6, 2019, the land use rights of the property comprising a total site area of 53,700.00 sq.m. have been contracted to be granted to Gangyu (Shanghai) Property Co., Ltd. (港彙(上海)置業有限公司) for a term of 70 years for residential use. The salient conditions are set out as follows:

Land Use	:	Residential
Site Area	:	53,700.00 sq.m.
Land Use Term	:	70 years for residential use
Plot Ratio	:	2.25 to 2.70
Permissible Gross Floor Area	:	144,990 sq.m.
Land Premium	:	RMB753,000,000
Building Covenant	:	To complete construction before November 21, 2023
- According to the supplementary contract to the aforesaid Grant Contract of State-owned Land Use Rights entered into between Taizhou Municipal Bureau of Natural Resource and Planning (泰州市自然資源和規劃局), Gangyu (Shanghai) Property Co., Ltd. (港彙(上海)置業有限公司), and Taizhou Gangxinzheng Property Co., Ltd. (泰州港新正置業有限公司) on January 6, 2020, the land use rights of the property have been contracted to be transferred to Taizhou Gangxinzheng Property Co., Ltd. (泰州港新正置業有限公司) (a subsidiary of the Company owned as to 60% by the Company).

- (4) According to Planning Permit for Construction Use of Land Di Zi No. 321203202000004 issued by Taizhou Municipal Bureau of Natural Resource and Planning (泰州市自然資源和規劃局) on March 2, 2020, the construction site of land with a site area of approximately 53,700.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- (5) According to Planning Permit for Construction Works Jian Zi No. 321200202000023 issued by Taizhou Municipal Bureau of Natural Resource and Planning (泰州市自然資源和規劃局) on March 11, 2020, the construction works with a total permissible gross floor area of 97,123.00 sq.m. are in compliance with the construction works requirements and have been approved.
- (6) According to Permit for Commencement of Construction Works No. 321292202003180101 issued by Taizhou City Bureau of Administrative Examination and Approval (泰州市行政審批局) on March 18, 2020, the construction works of the property with a total gross floor area of 97,123.00 sq.m. are in compliance with the requirement of work commencement and have been permitted.
- (7) As advised by the Group, the construction cost incurred (excluding the land cost) as of the valuation date was approximately RMB1,005,791. The estimated outstanding construction cost to complete the development as of the valuation date was RMB683,164,211. We have taken into account such costs in the course of our valuation.
- (8) The development value of the property if completed as of the valuation date was approximately RMB1,981,000,000.
- (9) According to Business Licence No. 321291666201912090017 issued on December 9, 2019, Taizhou Gangxinzheng Property Co., Ltd. (泰州港新正置業有限公司) (Unified Social Credit Code No.: 91321291MA20K2EB4Q) has been established as a limited company with a registered capital of RMB200,000,000.
- (10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Taizhou Gangxinzheng Property Co., Ltd. (泰州港新正置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|----------------------------------------------------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Supplementary Contact of Grant Contract of State-owned Land Use Rights ... | Yes |
| Business Licence | Yes |

VALUATION REPORT

Group III – Properties held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
34.	The development site for the proposed development known as Chun Xi Ji, east of Fangong Road and north of Weier Road, Dongtai City, Yancheng City, Jiangsu Province, the PRC (中華人民共和國江蘇省鹽城市東台市范工路東側、緯二路北側春溪集之待開發土地)	The property comprises a parcel of land with a total site area of approximately 44,485.00 sq.m. pending for development. The property is planned to be developed into a composite development mainly residential comprising retail and car parks. The property is situated at Dongtai City of Yancheng City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been contracted to be granted for terms of 70 years for residential use and 40 years for commercial use.	As of the valuation date, the property was a vacant land pending development. RMB269,000,000 (RENMINBI TWO HUNDRED SIXTY NINE MILLION) (51% interest attributable to the Group: RMB137,190,000)

Notes:

- According to Real Estate Title Certificate Su (2020)1405152 issued by Dongtai Municipal Bureau of Natural Resource and Planning (東台市自然資源和規劃局) on March 31, 2020, the land use rights of the parcel of land with a site area of 44,485.00 sq.m. upon which the property is being erected have been vested in Dongtai Jinteng Property Co., Ltd. (東台錦騰置業有限公司) for a term of 70 years due to expire on March 17, 2090 for residential use and a term of 40 years due to expire on March 17, 2060 for commercial use.
- According to Grant Contract of State-owned Land Use Rights No. 3209812019CR0092 entered into between Dongtai Municipal Bureau of Natural Resource and Planning (東台市自然資源和規劃局) and Haimen Zhongnan Century City Development Co., Ltd. (海門中南世紀城開發有限公司) on November 12, 2019, the land use rights of the property comprising a total site area of 44,485.00 sq.m. have been contracted to be granted to Haimen Zhongnan Century City Development Co., Ltd. (海門中南世紀城開發有限公司) for terms of 70 years for residential use and 40 years for commercial use. The salient conditions are set out as follows:

Land Use	:	Residential/ Commercial
Site Area	:	44,485.00 sq.m.
Land Use Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	1 to 2.50
Permissible Gross Floor Area	:	111,212.50 sq.m.
Land Premium	:	RMB77,181,475
Building Covenant	:	To complete construction before October 11, 2023
- According to the supplementary contract to the aforesaid Grant Contract of State-owned Land Use Rights entered into between Dongtai Municipal Bureau of Natural Resource and Planning (東台市自然資源和規劃局), Haimen Zhongnan Century City Development Co., Ltd. (海門中南世紀城開發有限公司), and Dongtai Jinteng Property Co., Ltd. (東台錦騰置業有限公司) on December 2, 2019, the land use rights of the property have been contracted to be transferred to Dongtai Jinteng Property Co., Ltd. (東台錦騰置業有限公司) (a subsidiary of the Company owned as to 51% by the Company).
- Permits for Construction Use of Land No. Di Zi 320981202000016 issued by Dongtai Municipal Bureau of Natural Resource and Planning (東台市自然資源和規劃局) on March 20, 2020, the construction site of land with a total site area of approximately 44,485.00 sq.m. is in compliance with the urban planning requirements and has been approved.
- According to four Planning Permits for Construction Works Jian Zi Nos. 320981202000126, 320981202000127, 320981202000128 and 320981202000129 issued by Dongtai Municipal Bureau of Natural Resource and Planning (東台市自然資源和規劃局) on April 14, 2020, the construction works with a total permissible gross floor area of 59,775.21 sq.m. are in compliance with the construction works requirements and have been approved.
- According to Business Licence No. 320981000201912030078 issued on December 3, 2019, Dongtai Jinteng Property Co., Ltd. (東台錦騰置業有限公司) (Unified Social Credit Code No.: 91320981MA20C65T1T) has been established as a limited company with a registered capital of USD15,000,000.

- (7) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- (i) Dongtai Jinteng Property Co., Ltd. (東台錦騰置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) as confirmed by the Company, the property is free from any seizure, mortgage or any other encumbrances.
- (8) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|-----------------------------------------------------------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Supplementary Contract of Grant Contract of State-owned Land Use Rights | Yes |
| Business Licence | Yes |

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
35. The development site for the proposed development known as Ganglong Lakeside Mansion, south of Yuanqiao Road and east of Dongying Road, Dongjiao Village, Jiuting Sub-district, Yixing City, Wuxi City, Jiangsu Province, the PRC (中華人民共和國江蘇省無錫市宜興市岷亭街道東郊村袁橋路南側、東洑大道東側港龍·湖光瓏樾之待開發土地)	The property comprises a parcel of land with a total site area of approximately 66,626.00 sq.m. pending for development. The property is planned to be developed into a composite development mainly residential comprising basement and car parking spaces. The property is situated at Yixing City of Wuxi City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been contracted to be granted for terms of 70 years for residential use and 40 years for commercial use.	As of the valuation date, the property was a vacant land pending development.	RMB688,000,000 (RENMINBI SIX HUNDRED EIGHTY EIGHT MILLION) (100% interest attributable to the Group: RMB688,000,000)

Notes:

- According to Real Estate Title Certificate Su (2020)0004591 issued by Yixing Municipal Bureau of Natural Resource and Planning (宜興市自然資源和規劃局) on April 3, 2020, the land use rights of the parcel of land with a site area of 66,626.00 sq.m. upon which the property is being erected have been vested in Yixing Gangheng Property Co., Ltd. (宜興港恒置業有限公司) for a term of 70 years due to expire on January 15, 2090 for residential use and a term of 40 years due to expire on January 15, 2060 for commercial use.
- According to Grant Contract of State-owned Land Use Rights No. 3202822020CR0002 entered into between Yixing Municipal Bureau of Natural Resource and Planning (宜興市自然資源和規劃局) and Shanghai Ganglai Property Co., Ltd. (上海港涑置業有限公司) on January 3, 2020, the land use rights of the property comprising a total site area of 66,626.00 sq.m. have been contracted to be granted to Shanghai Ganglai Property Co., Ltd. (上海港涑置業有限公司) for terms of 70 years for residential use and 40 years for commercial use. The salient conditions are set out as follows:

Land Use	:	Residential/ Commercial
Site Area	:	66,626 sq.m.
Land Use Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	1 to 2
Permissible Gross Floor Area	:	133,252 sq.m.
Land Premium	:	RMB672,000,000
Building Covenant	:	To complete construction before January 15, 2023
- According to the supplementary contract to aforesaid Grant Contract of State-owned Land Use Rights entered into between Yixing Municipal Bureau of Natural Resource and Planning (宜興市自然資源和規劃局), Shanghai Ganglai Property Co., Ltd. (上海港涑置業有限公司), and Yixing Gangheng Real Estate Co., Ltd. (宜興港恒置業有限公司) on January 17, 2020, the land use rights of the property have been contracted to be transferred to Yixing Gangheng Property Co., Ltd. (宜興港恒置業有限公司) (a subsidiary of the Company owned as to 100% by the Company).
- According to Business Licence No. 320282000202001130203 issued on January 13, 2020, Yixing Gangheng Property Co., Ltd. (宜興港恒置業有限公司) (Unified Social Credit Code No.: 91320282MA20TANG3T) has been established as a limited company with a registered capital of RMB200,000,000.

(5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Yixing Gangheng Property Co., Ltd. (宜興港恒置業有限公司) has entered into valid Grant Contract of State-owned Land Use Rights for the legal possession of the property; and

(ii) all land premium for the development has been fully settled.

(6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Supplementary Contact of Grant Contract of State-owned Land Use Rights ...	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
36. The development site for the proposed development known as Nature Image, south of Beijing Road and east of Jianghai Road, Haimen City, Nantong City, Jiangsu Province, the PRC (中華人民共和國江蘇省南通市海門市北京路南側、江海路東側泊翠瀾境之待開發土地)	The property comprises a parcel of land with a total site area of approximately 47,078.00 sq.m. pending for development. The property is planned to be developed into a composite development mainly residential comprising basement and car parking spaces. The property is situated at Haimen City of Nantong City. Developments in the vicinity comprise mainly residential developments. The land use rights of the property have been contracted to be granted for terms of 70 years for residential use and 40 years for commercial use.	As of the valuation date, the property was a vacant land pending development.	No commercial value

Notes:

- (1) No Real Estate Title Certificate is issued. We have assigned no commercial value to the property.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3206842020CR0003 entered into between Haimen Municipal Bureau of Natural Resource (海門市自然資源局) and Shanghai Gangming Property Co., Ltd. (上海港茗置業有限公司) on January 20, 2020, the land use rights of the property comprising a total site area of 47,078.00 sq.m. have been contracted to be granted to Shanghai Gangming Property Co., Ltd. (上海港茗置業有限公司) for terms of 70 years for residential use and 40 years for commercial use. The salient conditions are set out as follows:
- | | | |
|------------------------------|---|--------------------------------------------------------------|
| Land Use | : | Residential/ Commercial |
| Site Area | : | 47,078 sq.m. |
| Land Use Term | : | 70 years for residential use and 40 years for commercial use |
| Plot Ratio | : | 1.2 to 1.4 |
| Permissible Gross Floor Area | : | N/A |
| Land Premium | : | RMB635,082,220 |
| Building Covenant | : | To complete construction before July 8, 2024 |
- (3) According to the supplementary contract to the aforesaid Grant Contract of State-owned Land Use Rights entered into between Haimen Municipal Bureau of Natural Resource (海門市自然資源局), Shanghai Gangming Property Co., Ltd. (上海港茗置業有限公司), and Haimen Ganghua Property Co., Ltd. (海門港華置業有限公司) on January 21, 2020, the land use rights of the property have been contracted to be transferred to Haimen Ganghua Property Co., Ltd. (海門港華置業有限公司) (a subsidiary of the Company owned as to 100% by the Company).
- (4) According to Business Licence No. 320684666202001160136 issued on January 16, 2020, Haimen Ganghua Property Co., Ltd. (海門港華置業有限公司) (Unified Social Credit Code No.: 91320684MA20U8J07T) has been established as a limited company with a registered capital of RMB50,000,000.
- (5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- Haimen Ganghua Property Co., Ltd. (海門港華置業有限公司) has entered into valid Grant Contract of State-owned Land Use Rights for the legal possession of the property; and
 - a part of the land premium for the development has been settled.

(6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	No
Grant Contract of State-owned Land Use Rights.....	Yes
Supplementary Contract of Grant Contract of State-owned Land Use Rights ...	Yes
Business Licence.....	Yes

VALUATION REPORT

Group IV – Completed properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
37. Various retail units of Ganglong Hua Ting, west of Administrative Centre, Zhonglou District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市鐘樓區行政中心以西港龍華庭之數個商業單元)	<p>The property comprises Units 5-103 and 5-104, and Levels 1 to 3 of Block 9 of the development known as Ganglong Hua Ting, which was completed in 2011.</p> <p>The property comprises an apportioned site area of 816.09 sq.m. and a total gross floor area of approximately 3,036.53 sq.m. for commercial use.</p> <p>The property is situated at the east of Zhonglou District, which is at the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on July 18, 2047 for commercial use.</p>	As of the valuation date, portions of the property with a total gross floor area of approximately 2,316.00 sq.m. were subject to various tenancies with the latest expiry on December 9, 2021 at a total current monthly rent of approximately RMB79,500 (exclusive of VAT and management fee). The remaining portions of the property were vacant.	RMB44,200,000 (RENMINBI FORTY FOUR MILLION TWO HUNDRED THOUSAND) (100% interest attributable to the Group: RMB44,200,000)

Notes:

- (1) According to 3 Certificates for the Use of State-owned Land issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on various dates, the land use rights of the parcels of land with a total site area of 816.09 sq.m. upon which the property is erected have been vested in Jiangsu Ganglong Property Development Co., Ltd. (江蘇港龍房地產開發有限公司) (now known as Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司)) (a wholly owned subsidiary of the Company) with details as follows:

Certificate No.	Location	Issue Date	Use	Expiry date of land use terms	Site area (sq.m.)
Chang Guoyong (2019) No. 45472	Ganglong Hua Ting Block 5 No. 103	/	Commercial	July 18, 2047	133.06
Chang Guoyong (2015) No. 21872	Ganglong Hua Ting Block 5 No. 104	May 22, 2015	Commercial	July 18, 2047	133.06
Chang Guoyong (2019) No. 45523	Ganglong Hua Ting Block 9	/	Commercial	July 18, 2047	549.97
Total:					816.09

- (2) According to 3 Building Ownership Certificates issued by Changzhou Municipal Real Estate Registration Centre (常州市房產登記中心) on May 7, 2015, the building ownership of the property with a total gross floor area of 3,036.53 sq.m. has been vested in Jiangsu Ganglong Property Development Co., Ltd. (江蘇港龍房地產開發有限公司) (now known as Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司)) with details as follows:

<u>Certificate No.</u>	<u>Location</u>	<u>Use</u>	<u>Gross floor area</u>
(2019)45472	Ganglong Hua Ting Block 5 No. 103	Commercial	(sq.m.) 720.53
Chang Fangquanzheng Zi No. 00790421	Ganglong Hua Ting Block 5 No. 104	Commercial	720.53
(2019)45523	Ganglong Hua Ting Block 9	Commercial	1,595.47
		Total:	<u>3,036.53</u>

- (3) According to Business Licence No. 320400000201709150044 issued by Changzhou Municipal Administration for Industry and Commerce (常州市工商行政管理局) on September 13, 2017, Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司) (Unified Social Credit Code No.: 913204006649428692) has been established as a limited company (Taiwan, Hong Kong or Macau and domestic joint venture) with a registered capital of USD21,000,000.

- (4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

- (i) Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
- (ii) all land premium for the development has been fully settled;
- (iii) the design and construction of the property have been approved by the relevant government departments; and
- (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.

- (5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
38. Various retail units of Ganglong Shang Ceng, 18 South Tongjiang Road, Zhonglou District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市鐘樓區通江南路18號港龍尚層之數個商業單元)	<p>The property comprises 60 retail units on Levels B1 to 3 of the development known as Ganglong Shang Ceng erected on a parcel of land with a total site area of 8,090.0 sq.m. The property was completed in 2011.</p> <p>The property comprises 60 retail units on Level B1 to Level 3 of Ganglong Shang Ceng with a total gross floor area of approximately 5,392.17 sq.m. for commercial use.</p> <p>The property is situated at the east of Zhonglou District, which is at the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on July 18, 2047 for commercial use.</p>	<p>As of the valuation date, portions of the property with a total gross floor area of 1,909.80 sq.m. were subject to various tenancies with the latest expiry on February 28, 2029 at a total current monthly rent of approximately RMB115,646.40 (exclusive of VAT and management fee). The remaining portions of the property were vacant.</p>	<p>RMB66,100,000</p> <p>(RENMINBI SIXTY SIX MILLION ONE HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB66,100,000)</p>

Notes:

- (1) According to Certificate for the Use of State-owned Land Chang Guoyong (2008) No. 0250617 issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on April 1, 2008, the land use rights of the parcel of land with a site area of 8,090.0 sq.m. upon which the property is erected have been vested in Jiangsu Ganglong Property Development Co., Ltd. (江蘇港龍房地產開發有限公司) (now known as Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司)) for terms of 70 years due to expire on July 18, 2077 for residential use and 40 years due to expire on July 18, 2047 for commercial use.
- (2) According to 20 Building Ownership Certificates issued by Changzhou Municipal Real Estate Registration Centre (常州市房產登記中心) and 31 Real Estate Title Certificates issued by Changzhou Municipal Bureau of Land Resource (常州市國土資源局) on various dates, the building ownership of 60 retail units of the property with a total gross floor area of 5,392.17 sq.m. for commercial use has been vested in Jiangsu Ganglong Property Development Co., Ltd. (江蘇港龍房地產開發有限公司) (now known as Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司)).
- (3) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Jiangsu Ganglong Realty Group Co., Ltd. (江蘇港龍地產集團有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (4) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificates	Yes
Real Estate Title Certificates	Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
39. Various retail units of Ganglong Bauhinia Residence, south of Dongfang East Road and east of Huafeng Road, Wujin District, Changzhou City, Jiangsu Province, the PRC	The property comprises Units 6-7 and 6-8 of the development known as Ganglong Bauhinia Residence erected on a parcel of land with a total site area of 43,510.0 sq.m. The property was completed in 2014.	As of the valuation date, the property was subject to a tenancy due to expire on February 28, 2023 at a current monthly rent of approximately RMB19,000 (exclusive of VAT and management fee).	RMB5,100,000 (RENMINBI FIVE MILLION ONE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB5,100,000)
(中華人民共和國江蘇省常州市武進區東方東路以南、華豐路以東港龍紫荊城之數個商業單元)	The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.	The land use rights of the property have been granted for a term of 40 years due to expire on June 8, 2050 for commercial use.	

Notes:

- (1) According to 2 Real Estate Title Certificates issued in 2019, the building ownership of the property with a total gross floor area of 290.80 sq.m. has been vested in Jiangsu Ganglong Mingyang Property Co., Ltd. (江蘇港龍名揚置業有限公司) with details as follows:

Certificate No.	Location	Use	Gross floor area (sq.m.)
Su (2019) Changzhou Shi Budongchanquan No. 2010913	Ganglong Bauhinia Residence Block 6 No. 7	Commercial	178.82
Su (2019) Changzhou Shi Budongchanquan No. 2010914	Ganglong Bauhinia Residence Block 6 No. 8	Commercial	111.98
		Total:	<u>290.80</u>

- (2) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
- Jiangsu Ganglong Mingyang Property Co., Ltd. (江蘇港龍名揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - all land premium for the development has been fully settled;
 - the design and construction of the property have been approved by the relevant government departments; and
 - the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (3) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates Yes

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of March 31, 2020
40. Various retail units of The Hong Kong Masterpiece, west of Dongceng Road and north of Dongfang Road, Wujin District, Changzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省常州市武進區東城路以西、東方二路以北新港城之數個商業單元)	<p>The property comprises 19 retail units on Levels 1 to 3 of the development known as The Hong Kong Masterpiece erected on a parcel of land with a total site area of 59,062.38 sq.m. The property was completed in 2015.</p> <p>The property comprises a total gross floor area of 3,780.23 sq.m. for commercial use.</p> <p>The property is situated at the north of Wujin District, which is near the city centre of Changzhou City. Developments in the vicinity comprise mainly residential developments.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on October 21, 2053 for commercial use.</p>	<p>As of the valuation date, portions of the property with a total gross floor area of approximately 3,706.12 sq.m. were subject to various tenancies with the latest expiry on August 31, 2020 at a total current monthly rent of approximately RMB221,000 (exclusive of VAT and management fee). The remaining portions of the property were vacant.</p>	<p>RMB55,400,000</p> <p>(RENMINBI FIFTY FIVE MILLION FOUR HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB55,400,000)</p>

Notes:

- (1) According to 19 Real Estate Title Certificates issued in 2019, the building ownership of 19 retail units of the property with a total gross floor area of 3,780.23 sq.m. for commercial use has been vested in Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司).
- (2) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:
 - (i) Jiangsu Ganglong Huayang Property Co., Ltd. (江蘇港龍華揚置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium;
 - (ii) all land premium for the development has been fully settled;
 - (iii) the design and construction of the property have been approved by the relevant government departments; and
 - (iv) the property is subject to mortgage. The owner of the property is entitled to use and occupy the property, and subject to the prior written consent of the mortgagee, to lease, transfer or mortgage the property.
- (3) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificates Yes

Set out below is a summary of certain provisions of the Memorandum and Articles 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 October 8, 2018 under the Companies Law. The Company's constitutional documents consist of the Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

- 1.1 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.
- 1.2 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 20, 2020. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(b) *Variation of rights of existing shares or classes of shares*

Subject to the 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, provided 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.

(c) 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.

(d) Transfer of shares

Subject to the Companies Law and the requirements of 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 (as defined in the Articles) 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 (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

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.

(e) 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.

(f) 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.

(g) 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 cent 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 cent 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, as of 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 cent per annum as the Board may prescribe.

2.2 Directors

(a) *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:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) 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.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the 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 Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory 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, provided 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.

(c) 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 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.

(d) 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 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.

(e) 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.

(f) 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.

(g) 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 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.

(h) 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:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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.

2.3 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.

2.4 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.

2.5 Meetings of member

(a) 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 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 the 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 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.

(b) 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, provided 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 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):

- (i) at least two members;
- (ii) 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
- (iii) 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.

(c) 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.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of the Company shall be called by at least 14 days' (and not less than 10 clear business 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 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 per cent 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.

(e) 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.

(f) 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.

(g) Members' requisition for meetings

Extraordinary general meetings shall be convened on the requisition of one or more members holding, as of the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2.6 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 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 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, 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 members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

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.

2.7 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:

- (a) 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;

- (b) 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
- (c) 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:

- (i) 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
- (ii) 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 cheque or warrant sent through the post. Every such cheque 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 cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other 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 cent 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 cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 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.

2.9 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 3.6 of this Appendix.

2.10 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:

- (a) 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
- (b) 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 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, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the 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 October 8, 2018 subject to the 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 Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 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.

3.2 Share capital

Under the 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 cancellation 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:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Companies Law;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

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.

3.3 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.

3.4 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 Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the 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.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a 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.

3.6 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 vs. 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.

3.7 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).

3.8 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 (2017 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.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 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:

- (a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and
- (b) 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:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) 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 20 years from October 15, 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of names of the current directors of the Company (and where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 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.

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.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent 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 (that is, 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.

3.18 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 per cent 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.

3.19 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.

3.20 Economic substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Law, 2018, which became effective on January 1, 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. A Cayman Islands company is required to comply with the economic substance requirements from July 1, 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it would be required to satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated under the laws of the Cayman Islands on October 8, 2018 as an exempted limited liability company. Our Company's registered office address is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. A summary of various parts of the Memorandum and Articles of Association is set out in Appendix IV to this prospectus.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 4, 2019. Our principal place of business in Hong Kong is at Room 1003-1004, 10/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Hong Kong. Mr. Lui Jin Ling and Mr. Lam Yu Tin Eugene have been appointed as our authorized representatives for the acceptance of service of process in Hong Kong.

2. Changes in 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 Shares with a par value of HK\$0.01 each.

On October 8, 2018, one Share was allotted and issued at par value, credited as fully paid, to the initial subscriber and such Share was transferred at par value to Huaxing on the same day. On the same day, 419 Shares, 330 Shares and 250 Shares were allotted and issued, credited as fully paid, to Huaxing, Hualian and Hualong respectively. Upon the said share transfer and allotment, our Company is owned by Huaxing as to 42%, Hualian as to 33% and Hualong as to 25%.

Pursuant to the written resolutions of our Shareholders passed on June 20, 2020, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares of a par value of HK\$0.01 each by the creation of an additional of 9,962,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Share which may be issued pursuant the Share Option Scheme), the total issued share capital of our Company will be HK\$16,000,000 divided into 1,600,000,000 Shares of HK\$0.01 each, fully-paid or credited as fully-paid, with 8,400,000,000 Shares which our Company is authorized to issue, remaining unissued.

Save as disclosed herein and in the section headed “ — 7. Resolutions of our Shareholders dated June 20, 2020”, there has been no alteration in the share capital of our Company since its incorporation.

3. Particulars of our subsidiaries and jointly controlled entities

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

No.	Name of our Subsidiary	Identities of shareholders ⁽³⁾	Shareholdings
1	Huayang	Company	100%
2	Ganglong HK	Huayang	100%
3	Ganglong (China)	Ganglong HK	100%
4	Ganglong Realty	Ganglong HK Ganglong (China)	49% 51%
5	Ganglong Huayang	Ganglong HK Ganglong (China)	49% 51%
6	Ganglong Mingyang	Ganglong HK Ganglong Realty	49% 51%
7	Yancheng Ganglong	Ganglong Realty	100%
8	Lianyungang Ganghua	Ganglong Realty Yancheng Ganglong	67% 33%
9	Jiangsu Ganghua	Ganglong Realty	100%
10	Jiangsu Chongtong	Ganglong Realty	100%
11	Changshu Ganghua	Ganglong Realty Jiangsu Ganghua	95% 5%
12	Jiangsu Gangda	Jiangsu Chongtong	100%
13	Shanghai Gangxing	Jiangsu Chongtong Changzhou Mudan	60% 40%
14	Changzhou Ganglian	Ganglong Realty	100%
15	Guizhou Ganghua	Changzhou Ganglian	100%
16	Luoyang Ganglong	Ganglong Realty Ms. Huang Biyue	90% 10%
17	Changzhou Jiachang	Ganglong Realty	100%
18	Ganglong Zhongyang	Ganglong Huayang	100%
19	Jiangsu Gangrui	Ganglong Realty	100%
20	Xiangshui Ganglong	Ganglong Realty	100%
21	Rudong Gangrui	Ganglong Huayang Nantong Zhongnan New World Center Development Co., Ltd.* (南通中南新世界中心開發有限公司)	51% 49%
22	Nantong Ganghua	Jiangsu Gangrui Jiangsu Erjin Real Estate Co., Ltd.* (江蘇爾錦房地產有限公司)	70% 30%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our Subsidiary	Identities of shareholders⁽³⁾	Shareholdings
23	Taixing Chuanghe ⁽¹⁾	Ganglong Realty Shanghai Rongchuang Real Estate Development Group Co., Ltd.* (上海融創房地產開發集團有限公司) Jiangsu Hefu Real Estate Development Co., Ltd.* (江蘇和福房地產開發有限公司)	33% 34% 33%
24	Hangzhou Chenrui ⁽¹⁾	Ganglong Realty Hangzhou West Lake Real Estate Group Co., Ltd.* (杭州西湖房地產集團有限公司) Hangzhou Dongyuan Lichuan Technology Co., Ltd.* (杭州東原勵川科技有限公司) Zhejiang Xiangdi Realty Co., Ltd.* (浙江香地地產有限公司)	25% 25% 25%
25	Shanghai Xiangsheng ⁽¹⁾	Ganglong Realty Rongchuang Xinheng Investment Group Co., Ltd.* (融創鑫恆投資集團有限公司)	50% 50%
26	Kangshan Realty ⁽¹⁾	Shanghai Xiangsheng Huzhou Hairong Investment Development Co., Ltd.* (湖州海榮投資發展有限公司)	50% 50%
27	Shanghai Qixing ⁽¹⁾	Ganglong Realty Rongchuang Xinheng Investment Group Co., Ltd.* (融創鑫恆投資集團有限公司)	50% 50%
28	Kangshan Property ⁽¹⁾	Shanghai Qixing Huzhou Hairong Investment Development Co., Ltd.* (湖州海榮投資發展有限公司)	50% 50%
29	Shanghai Xiangtian ⁽¹⁾	Shanghai Rongchuang Real Estate Development Group Co., Ltd.* (上海融創房地產開發集團有限公司) Ganglong Realty	50% 50%
30	Shanghai Chongming ⁽¹⁾	Shanghai Xiangtian	100%
31	Suzhou Tuoren ⁽¹⁾	Shanghai Rongchuang Real Estate Development Group Co., Ltd.* (上海融創房地產開發集團有限公司) Ganglong Realty	50% 50%
32	Huai'an Guochuang ⁽¹⁾	Suzhou Tuoren Huai'an Guaranteed Housing Construction Co., Ltd.* (淮安市保障性住房建設有限公司)	51% 49%
33	Jiangsu Tongganghong ⁽¹⁾	Jiangsu Tongyin Industrial Group Co., Ltd.* (江蘇通銀實業集團有限公司) Ganglong Realty Hongyang Group Nantong Real Estate Co., Ltd.* (弘陽集團南通房地產有限公司)	33% 34% 33%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our Subsidiary	Identities of shareholders⁽³⁾	Shareholdings
34	Suzhou Yinyi	Suzhou Kaiyang Property Co., Ltd.* (蘇州凱陽置業有限公司) Ganglong Realty Pingxiang Yinxi Real Estate Information Consultancy Partnership (Limited Partnership)* (萍鄉垠夕房地產信息諮詢合夥企業(有限合夥))	42.37% 51% 6.63%
35	Changzhou Kaiyang	Suzhou Yinyi	100%
36	Changzhou Quanjia	Ganglong Huayang	100%
37	Changzhou Gangjia ⁽¹⁾	Changzhou Quanjia Jiangsu Kai'er Property Co., Ltd.* (江蘇凱爾置業有限公司) Nanjing Liangjin Property Co., Ltd.* (南京梁錦置業有限公司) Chang Pan, Peter	40% 20% 30% 10%
38	Rudong Gangda	Ganglong Huayang Nantong Zhongnan New World Center Development Co., Ltd.* (南通中南新世界中心開發有限公司)	51% 49%
39	Shanghai Tianhong	Ganglong Huayang Shanghai Tongcen Industrial Development Co., Ltd.* (上海同岑實業發展有限公司) Shanghai Feihuan	0.5% 0.5% 99%
40	Shaoxing Gangtong ⁽¹⁾	Shanghai Tianhong	100%
41	Suzhou Ruixing ⁽¹⁾	Shanghai Gangxing Zhongtian Meihao Group Co., Ltd.* (中天美好集團有限公司)	50% 50%
42	Shanghai Zhenhong ⁽²⁾	Ganglong Realty Shanghai Aijian Zeying Investment Management Co., Ltd.* (上海愛建澤盈投資管理有限公司) Shanghai Aijian Trust Co., Ltd.* (上海愛建信託有限責任公司)	52.32% 0.11% 47.57%
43	Shanghai Jiuyi	Shanghai Zhenhong Ganglong Realty	99% 1%
44	Jiangsu Ganghao	Shanghai Jiuyi	100%
45	Shaoxing Gangxing	Jiangsu Ganghao Shanghai Meihong Changzhou Heimudan Property Co., Ltd.* (常州黑牡丹置業有限公司)	51% 19% 30%
46	Nanjing Ganglong	Ganglong (China)	100%
47	Nanjing Ganghong ⁽¹⁾	Changzhou Jiachang Nanjing Hongkuo Real Estate Development Co., Ltd.* (南京弘闊房地產開發有限公司)	50% 50%
48	Shanghai Gangming	Ganglong Huayang	100%
49	Shanghai Ganglai	Ganglong Huayang	1%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our Subsidiary	Identities of shareholders ⁽³⁾	Shareholdings
		Shanghai Zhenchong	99%
50	Gangyu (Shanghai)	Ganglong Huayang Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌翠潤富投資發展有限公司) Jiangsu Kai'er Property Co., Ltd.* (江蘇凱爾置業有限公司)	60% 20% 20%
51	Taizhou Gangxinzheng	Gangyu (Shanghai)	100%
52	Shanghai Gangpeng	Ganglong Huayang	100%
53	Shanghai Ganghuai	Ganglong Huayang	100%
54	Shanghai Gangrui	Ganglong Huayang	100%
55	Haimen Ganghua	Shanghai Gangming Wuxi Jinke Jiarun Real Estate Development Co., Ltd.* (無錫金科嘉潤房地產開發有限公司) Jiangsu Tongyin Industries Group Co., Ltd. (江蘇通銀實業集團有限公司) Suzhou Xinruili Real Estate Development Co., Ltd.* (蘇州新睿力房地產開發有限公司)	26.01% 24.5% 24.99% 24.5%
56	Hangzhou Hanggang	Ganglong (China)	100%
57	Shanghai Gangfa	Ganglong Huayang	100%
58	Yixing Gangheng	Shanghai Ganglai	100%
59	Dongtai Jinteng	Ganglong HK Haimen Zhongnan Century City Development Co., Ltd.* (海門中南世紀城開發有限公司)	51% 49%
60	Shanghai Meihong	Shanghai Jiuyi	100%
61	Nantong Xinhe ⁽¹⁾	Ganglong Realty Nantong Xinli Property Co., Ltd.* (南通欣利置業有限公司) Jiangsu Jinqiu Property Co., Ltd.* (江蘇錦秋置業有限公司) Jiangsu Zhongzhou Property Co., Ltd.* (江蘇中洲置業有限公司)	28% 30% 28% 14%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our Subsidiary	Identities of shareholders ⁽³⁾	Shareholdings
62	Shanghai Feihuan ⁽¹⁾⁽²⁾	Shanghai Aijian Zeying Investment Management Co., Ltd.* (上海愛建澤盈投資管理有限公司) Ganglong Realty Shanghai Tongcen Industrial Development Co., Ltd.* (上海同岑實業發展有限公司) Shanghai Aijian Trust Co., Ltd.* (上海愛建信託有限責任公司)	0.05% 25.48% 25.48% 48.99%
63	Nantong Ganglong	Ganglong (China)	100%
64	Zhejiang Gangsheng	Ganglong (China)	100%
65	Shanghai Zhenchong ⁽²⁾	Ganglong Huayang Shanghai Aijian Zeying Investment Management Co., Ltd.* (上海愛建澤盈投資管理有限公司) Shanghai Aijian Trust Co., Ltd.* (上海愛建信託有限責任公司)	50.91% 0.14% 48.95%
66	Shanghai Gangde	Ganglong Huayang	100%
67	Shanghai Gangxiu	Ganglong Huayang	100%
68	Zhejiang Gangrong	Ganglong (China)	100%
69	Anhui Ganglong	Ganglong (China)	100%
70	Wuhu Gangsheng	Shanghai Gangrui	100%
71.....	Gangrui Enterprise Management	Ganglong (China) Shanghai Ruitai Real Estate Development Group Co. Ltd.* (上海瑞台房地產開發集團有限公司)	51% 49%

Notes:

1. *These companies are accounted for as our subsidiaries by virtue of either our Group's ability to control the majority voting position in such companies or our right to make decision on certain activities of such companies, such as the budget, pricing and promotion strategies of such companies. As such, our Group has control over such companies and they are accounted for and consolidated in the audited accounts of our Company as subsidiaries. For details of principles of consolidation, please refer to notes 2.2 and 32(a) of the Accountant's Report set out in Appendix I to this prospectus.*
2. *Certain equity interest in these companies have been transferred by our Group as collateral as part of trust financing arrangements. The shareholding percentage presented here is the equity interest legally held by the shareholders of these companies which is different from the beneficial interest held by our Group because of the existence of the trust financing arrangements. The beneficial interest of Shanghai Zhenhong, Shanghai Zhenchong and Shanghai Feihuan held by our Group is 100%, 100% and 50% respectively. Please refer to "Business — Project financing — Trust financing and other financing arrangements — Key terms of Type II Arrangements" in this prospectus for further details of the trust financing arrangements.*
3. *To the best of our knowledge, information and belief, having made all necessary reasonable enquiries, each of the shareholders of our subsidiaries was an Independent Third Party at the time of equity transfer or establishment of those subsidiaries and is not connected with our Group, save for, as the case may be, being a shareholder of our other subsidiaries.*

In addition to the principal joint ventures and associates as described in the section headed “History, Reorganisation and Group Structure – Our principal joint ventures and associated companies in the PRC”, set out below is certain information of our joint ventures and associates as of the Latest Practicable Date:

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding
1	常熟卓陽置業有限公司 (Changshu Zhuo Yang Property Co., Ltd*)	Ganglong Realty Wuxi Country Garden Real Estate Development Co., Ltd.* (無錫市碧桂園房地產開發有限公司) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Jiangsu Zhongding Real Estate Development Co., Ltd.* (江蘇中鼎房地產開發有限公司)	25% 42.5% 2.5% 5% 25%
2	南通富利騰房地產開發有限公司 (Nan Tong Fu Li Teng Real Estate Co., Ltd*)	Ganglong Realty Duilong Deqingqu Bichuang Enterprise Management Co., Ltd.* (堆龍德慶區碧創企業管理有限公司) Duilong Deqingqu Bixiang Enterprise Management Co., Ltd.* (堆龍德慶區碧享企業管理有限公司) Duilong Deqingqu Bihui Enterprise Management Co., Ltd.* (堆龍德慶區碧輝企業管理有限公司) Shanghai Zhenerli Real Estate Development Co., Ltd.* (上海臻耳利房地產開發有限公司) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Shanghai Xinbi Real Estate Development Co., Ltd.* (上海新碧房地產開發有限公司) Shanghai Huipeng Real Estate Co., Ltd.* (上海匯鵬置業有限公司) Nantong Yating Real Estate Co., Ltd.* (南通雅庭置業有限公司)	20% 0.3% 0.6% 0.1% 20% 2% 17% 20% 20%
3	南通崇通置業有限公司 (Nan Tong Chong Tong Property Co., Ltd*)	Ganglong Realty Shanghai Zhenyili Real Estate Development Co., Ltd.* (上海臻亦利房地產開發有限公司) Shanghai Songti Real Estate Co., Ltd.* (上海松緹置業有限公司)	33% 33% 34%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding
4	常州申邁實業投資有限公司 (Changzhou Shen Mai Investment Co., Ltd*)	Ganglong Huayang Changzhou Jiahong Real Estate Development Co., Ltd.* (常州嘉宏房地產開發有限公司) Suzhou Yeyuan Real Estate Development Co., Ltd.* (蘇州業遠房地產開發有限公司)	41.25% 17.5% 41.25%
5	常州嘉宏采菱置業發展有限公司 (Changzhou Jia Hong Real Estate Co., Ltd*)	Changzhou Shen Mai Investment Co., Ltd.* (常州申邁實業投資有限公司) Changzhou Jiahong Rongke Real Estate Development Co., Ltd.* (常州嘉宏融科置業發展有限公司)	49.005% 50.995%
6	南通市碧桂園新區置業有限公司 (Nantong Country Garden New District Property Co., Ltd.*)	Ganglong Realty Nantong Country Garden Real Estate Development Co., Ltd.* (南通市碧桂園房地產開發有限公司) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) Nantong Zhongnan Century Flower City Investment Co., Ltd.* (南通中南世紀花城投資有限公司)	15% 43.35% 5.1% 2.55% 34%
7	張家港金碧房地產開發有限公司 (Zhangjiagang Jinbi Real Estate Development Co., Ltd.*)	Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司) Jinxincheng Property Group Co., Ltd.* (金新城置業集團有限公司) Ganglong Realty Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	62.99% 15% 15% 3.51% 3.5%
8	張家港城南碧桂園房地產開發 有限公司 (Zhangjiagang South City Country Garden Real Estate Development Co., Ltd.*)	Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司) Jinxincheng Property Group Co., Ltd.* (金新城置業集團有限公司) Ganglong Realty Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) Foshan Shunde Biying Management Consultancy Co., Ltd.* (佛山市順德區碧盈管理諮詢有限公司)	51% 20% 20% 6% 2.1% 0.9%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding
9	鹽城新碧房地產開發有限公司 (Yancheng Xinbi Real Estate Development Co., Ltd.*)	Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Foshan Shunde Biying Management Consultancy Co., Ltd.* (佛山市順德區碧盈管理諮詢有限公司) Ganglong Realty	63% 2.45% 3.5% 1.05% 30%
10	嘉興碧編房地產開發有限公司 (Jiaxing Bixiu Real Estate Development Co., Ltd.*)	Shanghai Biying Real Estate Development Co., Ltd.* (上海碧瀾房地產開發有限公司) Ganglong Realty Shanghai Bixiang Gonghui Corporate Management Center (Limited Partnership)* (上海碧享共惠企業管理中心(有限合夥)) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	62.698% 33.3% 0.667% 3.335%
11	海鹽金碧房地產開發有限公司 (Haiyan Jinbi Real Estate Development Co., Ltd.*)	Jiaxing Bixiu Real Estate Development Co., Ltd.* (嘉興碧編房地產開發有限公司)	100%
12	泰興市融和置業有限公司 (Taixing Ronghe Property Co., Ltd.*)	Shanghai Rongchuang Real Estate Development Group Co., Ltd.* (上海融創房地產開發集團有限公司) Jiangsu Hefu Real Estate Development Co., Ltd.* (江蘇和福房地產開發有限公司) Ganglong Realty	34% 33% 33%
13	江陰市合誠房地產開發有限公司 (Jiangyin Hecheng Real Estate Development Co., Ltd.*)	Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥)) Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司) Foshan Shunde Biying Management Consultancy Co., Ltd.* (佛山市順德區碧盈管理諮詢有限公司) Jiangyin Xinqiao Country Garden Real Estate Development Co., Ltd.* (江陰新橋碧桂園房地產開發有限公司) Wuxi Xincheng Chuangzhi Real Estate Co., Ltd.* (無錫新城創置地產有限公司) Wuxi Suyuan Tanxi Bay Property Co., Ltd.* (無錫蘇源檀溪灣置業有限公司) Suzhou Zhongrui Jiashi Property Co., Ltd.* (蘇州中銳嘉實置業有限公司) Ganglong Realty	3% 1.05% 0.45% 25.5% 20% 20% 15% 15%

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding
14	張家港保稅區耀輝房地產開發有限公司 (Zhangjiagang Free Duty Zone Yaohui Real Estate Development Co., Ltd.*)	Suzhou Weiye Yingchun Realty Co., Ltd.* (蘇州偉業迎春地產有限公司)	21.5%
		Ganglong Huayang	13.5%
		Zhengrong Zhengxing (Suzhou) Investment Co., Ltd.* (正榮正興(蘇州)投資有限公司)	13%
		Suzhou Xincheng Chuangjia Property Co., Ltd.* (蘇州新城創佳置業有限公司)	13%
		Jiangsu Maohong Corporate Management Co., Ltd.* (江蘇茂弘企業管理有限公司)	13%
		Nanjing Midea Real Estate Development Co., Ltd.* (南京美的房地產發展有限公司)	13%
		Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司)	11.05%
		Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥))	1.3%
		Duilong Deqingqu Bixiang Enterprise Management Co., Ltd.* (堆龍德慶區碧享企業管理有限公司)	0.39%
		Duilong Deqingqu Bichuang Enterprise Management Co., Ltd.* (堆龍德慶區碧創企業管理有限公司)	0.195%
		Duilong Deqingqu Bihui Enterprise Management Co., Ltd.* (堆龍德慶區碧輝企業管理有限公司)	0.065%
15	常熟市必達房地產開發有限公司 (Changshu Bida Real Estate Development Co., Ltd.*)	Wuxi Country Garden Real Estate Development Co., Ltd.* (無錫市碧桂園房地產開發有限公司)	42.5%
		Jiangsu Fuda Corporate Investment Co., Ltd.* (江蘇富達企業投資有限公司)	25%
		Ganglong Realty	25%
		Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥))	5%
		Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	2.5%
16	如皋市新碧房地產開發有限公司 (Rugao Xinbi Real Estate Development Co., Ltd.*)	Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司)	59.5%
		Ganglong Realty	30%
		Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥))	7%
		Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	3.5%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding		
17	南通卓蘇房地產開發有限公司 (Nantong Zhuosu Real Estate Development Co., Ltd.*)	Zhuoyue Property Group Co., ltd.* (卓越置業集團有限公司)	12.5%		
		Suzhou Xincheng Chuangjia Property Co., Ltd.* (蘇州新城創佳置業有限公司)	12.5%		
		Shanghai Lvxiang Property Co., Ltd.* (上海綠祥置業有限公司)	12.5%		
		Shanghai Juntai Real Estate Development Co., Ltd.* (上海駿泰房地產開發有限公司)	12.5%		
		Nantong Wanjia Business Information Consultancy Co., Ltd.* (南通萬家商務資訊諮詢有限公司)	12.5%		
		Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司)	10.625%		
		Hongyang Group Nantong Real Estate Co., Ltd.* (弘陽集團南通房地產有限公司)	12.5%		
		Ganglong Realty Changxing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥))	12.5% 1.25%		
		Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	0.625%		
		18	常熟市金安瑞宸房地產開發有限 公司 (Changshu Jin'an Ruichen Real Estate Development Co., Ltd.*)	Nanjing Jinshuo Real Estate Development Co., Ltd.* (南京金碩房地產開發有限公司)	23%
Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司)	21.32%				
Suzhou Yujing Real Estate Development Co., Ltd.* (蘇州市昱景房地產開發有限公司)	25%				
Ganglong Realty Changcing Xinbi Investment Management Partnership (Limited Partnership)* (長興新碧投資管理合夥企業(有限合夥))	25% 2.43%				
Jiaxing Wentou Yihao Investment Partnership (Limited Partnership)* (嘉興穩投一號投資合夥企業(有限合夥))	2%				
Foshan Shunde Share Investment Co., Ltd.* (佛山市順德區共享投資有限公司)	1.25%				
19	連雲港市港龍置業有限公司 (Lianyungang Ganglong Property Co., Ltd.*)			Shanghai Xinbi Garden Property Development Co., Ltd.* (上海新碧房地產開發有限公司)	47%
				Nanjing Kunhong Corporate Management Co., Ltd.* (南京琨弘企業管理有限公司) Ganglong Huayang	33% 20%
20	上海垠望置業有限公司 (Shanghai Yinwang Property Co., Ltd.*)	Shanghai Dafa Real Estate Group Co., Ltd.* (上海大發房地產集團有限公司) Ganglong Realty	30% 30%		
		Lianyungang Caixin Real Estate Development Co., Ltd.* (連雲港財信房地產開發有限公司)	40%		
		21	常州市凱澤置業有限公司 (Changzhou Kaize Property Co., Ltd.*)	Shanghai Yinwang Property Co., Ltd.* (上海垠望置業有限公司)	100%

No.	Name of our joint venture and associates	Identities of shareholders	Shareholding
22	上海港軒置業有限公司 (Shanghai Gangxuan Property Co., Ltd.*)	Ganglong Huayang Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌翠潤富投資發展有限公司) Changzhou Songlin Construction Labour Co., Ltd.* (常州市松林建築勞務有限公司)	35% 35% 30%
23	上海港維置業有限公司 (Shanghai Gangwei Property Co., Ltd.*)	Ganglong Huayang Changzhou Jinjing Custom Clothes Co., Ltd.* (常州金鯨定製服飾有限公司)	30% 70%
24	蕪湖港春置業有限公司 (Wuhu Gangchun Property Co., Ltd.*)	Shanghai Gangwei Property Co., Ltd.* (上海港維置業有限公司)	100%

4. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the Accountant's Report set out in Appendix I to this prospectus.

In addition to the alterations described in the sections headed "History, Reorganization and Group Structure", the following alterations in the share capital of each of our Company's subsidiaries took place within two years immediately preceding the date of this prospectus:

Ganglong HK

On December 11, 2018, (i) three shares of Ganglong HK were allotted in satisfaction of the consideration of US\$16,000,000 in the acquisition of the entire equity interest of Ganglong Huayang; (ii) three shares of Ganglong HK were allotted in satisfaction of the consideration of US\$3,333,333 in the acquisition of 66.7% equity interest of Ganglong Mingyang; and (iii) three shares of Ganglong HK were allotted in satisfaction of the consideration of US\$21,000,000 in the acquisition of the entire equity interest of Ganglong Realty.

On December 29, 2018, 10 shares of Ganglong HK were allotted in satisfaction of the consideration of RMB133,545,335 in the acquisition of 24.5% equity interest of Changzhou Mudan Jungang Real Estate Co., Ltd.* (常州牡丹君港置業有限公司).

Shanghai Chongming

On October 25, 2018, the registered capital of Shanghai Chongming was increased from RMB20 million to RMB150 million by way of capital contribution by Shanghai Xiangtian of RMB130 million.

Hangzhou Chenrui

Hangzhou Chenrui was established in the PRC as a company with limited liability on August 10, 2018 with a registered capital of RMB10 million.

On December 25, 2018, the registered capital of Hangzhou Chenrui was increased from RMB10 million to RMB40 million by way of capital contribution by Ganglong Realty of RMB10 million, Hangzhou Dongyuan Lichuan Technology Co., Ltd.* (杭州東原勵川科技有限公司) by RMB10 million and Zhejiang Xiangdi Realty Co., Ltd.* (浙江香地地產有限公司) by RMB10 million.

Jiangsu Tongganhong

Jiangsu Tongganhong was established in the PRC as a company with limited liability on February 25, 2019 with a registered capital of RMB33 million.

On May 16, 2019, the registered capital of Jiangsu Tongganhong increased from RMB33 million to RMB100 million by way of capital contribution of RMB34 million by Ganglong Realty and RMB33 million by Hongyang Nantong Realty Co., Ltd.* (弘陽集團南通房地產有限公司) respectively.

Nantong Ganghua

Nantong Ganghua was established in the PRC as a company with limited liability on February 11, 2019 with a registered capital of RMB50 million.

On May 15, 2019, the registered capital of Nantong Ganghua increased from RMB50 million to RMB71.4285 million by way of capital contribution of RMB21.4285 million by Jiangsu Erjin Realty Co., Ltd.* (江蘇爾錦房地產有限公司).

Suzhou Yinyi

Suzhou Yinyi was established in the PRC as a company with limited liability on February 26, 2019 with a registered capital of RMB10 million.

On May 28, 2019, the registered capital of Suzhou Yinyi increased from RMB10 million to RMB20.408 million by way of subscription capital contribution by Ganglong Realty of RMB10.408 million.

Dongtai Jinteng

Dongtai Jinteng was established in the PRC as a company with limited liability on November 5, 2019 with a registered capital of RMB10 million.

On December 3, 2019, the registered capital of Dongtai Jinteng increased from RMB10 million to US\$15 million by way of capital contribution of US\$7.65 million by Ganglong HK and US\$5.93 million by Haimen Zhongnan Century City Development* (海門中南世紀城開發有限公司) respectively.

Suzhou Ruixing

Suzhou Ruixing was established in the PRC as a company with limited liability on September 4, 2019 with a registered capital of RMB20 million.

On November 18, 2019, the registered capital of Suzhou Ruixing increased from RMB20 million to RMB100 million by way of capital contribution of RMB40 million by Shanghai Gangxing and RMB40 million by Zhongtian Meihao Group Co., Ltd.* (中天美好集團有限公司) respectively.

Gangyu (Shanghai)

Gangyu (Shanghai) was established in the PRC as a company with limited liability on July 17, 2019 with a registered capital of RMB10 million.

On December 17, 2019, the registered capital of Gangyu (Shanghai) increased from RMB10 million to RMB50 million by way of capital contribution of RMB20 million by Ganglong Huayang, RMB10 million by Jiangsu Kai'er Property Co., Ltd.* (江蘇凱爾置業有限公司), and RMB10 million by Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌眾潤富投資發展有限公司) respectively.

Nantong Xinhe

Nantong Xinhe was established in the PRC as a company with limited liability on September 26, 2019 with a registered capital of RMB10 million.

On February 27, 2020, the registered capital of Nantong Xinhe increased from RMB10 million to RMB50 million by way of capital contribution of RMB5 million by Nantong Xinli Property Co., Ltd.* (南通欣利置業有限公司), RMB14 million by Ganglong Realty, RMB14 million by Jiangsu Jinqiu Property Co., Ltd.* (江蘇錦秋置業有限公司), and RMB7 million by Jiangsu Zhongzhou Property Co., Ltd.* (江蘇中洲置業有限公司) respectively.

Shanghai Feihuan

Shanghai Feihuan was established in the PRC as a partnership with limited liability on November 27, 2019 with a registered contribution of RMB1,933 million.

On May 7, 2020, the registered contribution of Shanghai Feihuan reduced from RMB1,933 million to RMB1,877.8 million with each of Ganglong Realty and Shanghai Tongcen Industrial Development Co., Ltd.* (上海同岑實業發展有限公司) reducing registered contribution of RMB27.6 million respectively.

Haimen Ganghua

Haimen Ganghua was established in the PRC as a company with limited liability on January 16, 2020 with a registered capital of RMB50 million.

On April 20, 2020, the registered capital of Haimen Ganghua increased from RMB50 million to RMB200 million by way of capital contribution of RMB2.02 million by Shanghai Gangming, RMB49.98 million by Jiangsu Tongyin Industries Group Co., Ltd.* (江蘇通銀實業集團有限公司), RMB49 million by Suzhou Xinruili Real Estate Development Co., Ltd.* (蘇州新睿力房地產開發有限公司) and RMB49 million by Wuxi Jinke Jiarun Real Estate Development Co., Ltd.* (無錫金科嘉潤房地產開發有限公司).

5. Corporate restructuring

For details of the restructuring which was effected in preparation for the Listing, please refer to the section headed "History, Reorganization and Group Structure" in this prospectus.

6. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the Ganglong Realty Equity Transfer Agreement dated November 8, 2018 entered into between Mr. Lui Jin Ling (呂進亮), Mr. Lui Wing Wai (呂永懷), Mr. Lui Wing Nam (呂永南), Mr. Lui Chi Chung Jimmy (呂志聰) and Mr. Lui Man Wai (呂文偉) (as transferors) and Ganglong Development Group Limited (港龍發展集團有限公司) (as transferee) in relation to the transfer of their respective 25.42%, 20.69%, 15.03%, 18.48% and 20.38% equity interests in 江蘇港龍地產集團有限公司 (Jiangsu Ganglong Realty Group Co., Ltd.*) to Ganglong Development Group Limited (港龍發展集團有限公司) for considerations of US\$5,337,330.96, US\$4,344,790.33, US\$3,156,343.49, US\$3,879,969.61 and US\$4,281,565.61 respectively;
- (b) the Ganglong Mingyang Equity Transfer Agreement dated November 8, 2018 entered into between Mr. Lui Man Wai (呂文偉), Mr. Lui Chi Chung Jimmy (呂志聰) and Mr. Lui Jin Ling (呂進亮) (as transferors) and Ganglong Development Group Limited (港龍發展集團有限公司) (as transferee) in relation to the transfer of their respective 28%, 22.5% and 16.17% equity interests in 江蘇港龍名揚置業有限公司 (Jiangsu Ganglong Mingyang Property Co., Ltd.*) to Ganglong Development Group Limited (港龍發展集團有限公司) for considerations of US\$1,400,000, US\$1,125,000 and US\$808,333 respectively;
- (c) the Ganglong Huayang Equity Transfer Agreement dated November 8, 2018 entered into between Mr. Lui Wing Wai (呂永懷), Mr. Lui Wing Nam (呂永南), Mr. Lui Wing Mau (呂永茂), Mr. Lui Jin Ling (呂進亮), Mr. Lui Chi Chung Jimmy (呂志聰) and Mr. Lui Man Wai (呂文偉) (as transferors) and Ganglong Development Group Limited (港龍發展集團有限公司) (as transferee) in relation to the transfer of their respective 25.85%, 20.31%, 15.38%, 9.33%, 12.98% and 16.15% equity interests in 江蘇港龍華揚置業有限公司 (Jiangsu Ganglong Huayang Property Co., Ltd.*) to Ganglong Development Group Limited (港龍發展集團有限公司) for considerations of US\$6,720,000, US\$5,280,000, US\$4,000,000, US\$0, US\$0 and US\$0 respectively;
- (d) the equity transfer agreement dated October 30, 2018 entered into between Ms. Pan Ruixi (潘瑞希) (as transferor) and 江蘇港龍地產集團有限公司 (Jiangsu Ganglong Realty Group Co., Ltd.*) (as transferee) in relation to the transfer of her 2.5% equity interest in 鹽城港龍房地產開發有限公司 (Yancheng Ganglong Real Estate Development Co., Ltd.*) to 江蘇港龍地產集團有限公司 (Jiangsu Ganglong Realty Group Co., Ltd.*) for consideration of RMB7,706,435.34;
- (e) the equity transfer agreement dated December 16, 2018 entered into between Hong Kong Dragon Enterprise (Holdings) Limited (港龍實業(集團)有限公司) (as transferor), Ganglong Development Group Limited (港龍發展集團有限公司) (as transferee), 常州黑牡丹置業有限公司 (Changzhou Heimudan Property Co., Ltd.*) and 鴻麗發展有限公司 (Hongli Development Co., Ltd.*) in relation to the transfer of 24.5% equity interest in 常州牡丹君港置業有限公司 (Changzhou Mudan Jungang Real Estate Co., Ltd.*) for consideration of RMB133,545,335;
- (f) the Deed of Non-competition dated June 20, 2020 and executed by Mr. Lui Wing Wai (呂永懷), Mr. Lui Wing Nam (呂永南), Mr. Lui Wing Mau (呂永茂), Mr. Lui Chi Chung Jimmy (呂志聰), Mr. Lui Jin Ling (呂進亮), Huaxing Development Co., Ltd., Hualian Development Co., Ltd. and Hualong Development Co., Ltd. in favor of Ganglong China Property Group Limited (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Relationship with our Controlling Shareholders and non-competition undertaking — Deed of Non-competition” of this prospectus;

- (g) the Deed of Indemnity dated June 20, 2020 and executed by Mr. Lui Wing Wai (呂永懷), Mr. Lui Wing Nam (呂永南), Mr. Lui Wing Mau (呂永茂), Mr. Lui Chi Chung Jimmy (呂志聰), Mr. Lui Jin Ling (呂進亮), Huaxing Development Co., Ltd., Hualian Development Co., Ltd. and Hualong Development Co., Ltd. in favor of Ganglong China Property Group Limited (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Appendix V — Statutory and General Information — E. Other Information — 1. Tax and other indemnities” of this prospectus;
- (h) a cornerstone investor agreement dated June 24, 2020 entered into among Ganglong China Property Group Limited, Successful Lotus Limited and Huajin Securities (International) Limited pursuant to which Successful Lotus Limited agreed to subscribe for the Shares in an amount of HK\$40,000,000;
- (i) a cornerstone investor agreement dated June 24, 2020 entered into among Ganglong China Property Group Limited, YBN Investments Limited and Huajin Securities (International) Limited pursuant to which YBN Investments Limited agreed to subscribe for the Shares in an amount of HK\$40,000,000; and
- (j) the Hong Kong Underwriting Agreement.

7. Resolutions of our Shareholders dated June 20, 2020

Written resolutions of our Shareholders were passed on June 20, 2020, pursuant to which, among others:

- (a) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; (iii) the Underwriting Agreements having been duly executed by the Underwriters and our Company; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (1) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorized to determine the Offer Price for, and to allot and issue the Offer Shares;
 - (2) the grant of the Over-allotment Option was approved and our Directors were authorised to allot and issue up to 60,000,000 additional Shares pursuant to the exercise of the Over-allotment Option, to rank pari passu with the existing Shares in all respects;
 - (3) a general and unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or, pursuant to an award which may be granted under the Share Option Scheme or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general

meeting, shall not exceed 20% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding any Shares to be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme) such mandate to remain in effect until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;

whichever is the earliest;

- (4) a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors to exercise all powers of our Company to repurchase its own 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, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme) such mandate to remain in effect until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;

whichever is the earliest;

- (5) the general unconditional mandate as mentioned in paragraph (3) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (4) above (up to 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding any Shares to be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme); and

- (6) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 1,199,999,000 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of our Company on the day preceding the Listing Date in proportion to their then existing shareholdings in our Company by capitalizing the sum of HK\$11,999,990 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.

- (b) conditional upon the listing of the Shares on the Stock Exchange, our Company approved and adopted the Memorandum and Articles of Association with effect from the Listing.

- (c) 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 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 Share Option Scheme was approved and (ii) the Board was authorized to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme.

B PURCHASE BY OUR COMPANY OF ITS OWN SECURITIES

This section includes information required by the Stock Exchange to be included in this prospectus concerning the purchase by us of our own securities.

1. Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

The Listing Rules provide that all purchases of securities on the Stock Exchange, which must be fully paid up in the case of shares, by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on June 20, 2020, a general unconditional mandate was granted to our Directors authorizing repurchase of Shares by our Company as described in the paragraphs headed "A. Further information about our Company — 7. Resolutions of our Shareholders dated June 20, 2020".

(b) Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase 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 from time to time.

Under Cayman Islands law, any repurchase by our Company may be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

(c) Status of repurchased shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under Cayman Islands law, unless prior to the purchase, the Directors resolve to hold the Shares purchased by our Company as treasury shares, Shares purchased by our Company will be treated as canceled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of Shares shall not be taken as reducing the amount of our Company's authorized share capital under Cayman Islands law.

(d) Connected parties

The Listing Rules prohibit a company from knowingly purchasing 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 respective associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the company.

2. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.













3. General













- (a) None of our Directors, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.
- (b) Our 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 and regulations of Hong Kong.
- (c) 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 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, our 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.
- (d) No connected person (as defined in the Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

1. Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we believe are material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1		the PRC	Ganglong Realty	36	6263908	April 20, 2030
2		the PRC	Ganglong Realty	37	6263909	March 27, 2030
3	港龙地产	the PRC	Ganglong Realty	36	28808035	December 20, 2028
4	港龙集团	the PRC	Ganglong Realty	36	28795545	January 13, 2029
5	A  港龍地產集團 GANGLONG PROPERTY GROUP	Hong Kong	our Company	36, 37	304705812	October 18, 2028
	B  港龍地產集團 GANGLONG PROPERTY GROUP					
	C  港龍地產集團 GANGLONG PROPERTY GROUP					
	D  港龍地產集團 GANGLONG PROPERTY GROUP					
6	A 	Hong Kong	our Company	36, 37	304705821	October 18, 2028
	B 					
7	A  港龍中國地產 GANGLONG CHINA PROPERTY	Hong Kong	our Company	36, 37	304705830	October 18, 2028
	B  港龍中國地產 GANGLONG CHINA PROPERTY					
	C  港龍中國地產 GANGLONG CHINA PROPERTY					
	D  港龍中國地產 GANGLONG CHINA PROPERTY					

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
8	<p>A </p> <p>B </p> <p>C </p> <p>D </p>	Hong Kong	our Company	36, 37	304705849	October 18, 2028
9	<p>A </p> <p>B </p> <p>C </p> <p>D </p>	Hong Kong	our Company	36, 37	304705858	October 18, 2028
10	<p>A </p> <p>B </p> <p>C </p> <p>D </p>	Hong Kong	our Company	36, 37	305064318	September 23, 2029

2. Domain names

As of the Latest Practicable Date, our Group had registered and maintained the following domain names which we believe are material to our business:

No.	Domain Name	Registered Owner	Date of Expiration (dd/mm/yyyy)
1	ganglongjt.com	Ganglong Realty	December 20, 2023
2	glchina.group	Ganglong (China)	August 7, 2024
3	gldc.group	Ganglong Realty	March 29, 2023
4	jsglc.com	Ganglong Realty	March 29, 2023
5	jsglfc.com	Ganglong Realty	April 12, 2021
6	ycglhqc.com	Yancheng Ganglong	July 20, 2021

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

D FURTHER INFORMATION ABOUT THE DIRECTORS, MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDER AND EXPERTS

1. Particulars of Directors' service contracts

(a) Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date or until the third annual general meeting of our Company since the Listing Date (whichever is sooner). Either party has the right to give not less than one months' written notice to terminate the agreement. Details of our Company's remuneration policy is described in section headed "Directors, Senior Management and employees — Directors and Senior Management's Remuneration".

(b) Non-executive Director and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company. The term of office of our non-executive Director and independent non-executive Directors is three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner).

2. Remuneration of Directors

- (a) Remuneration and benefits in kind of RMB1.6 million, RMB2.1 million and RMB4.1 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2017, 2018 and 2019, respectively.
- (b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2020, is expected to be RMB3.7 million in aggregate.
- (c) Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) *Interests of the Directors and chief executives of our Company*

Immediately following completion of the Capitalization Issue and the Global Offering, taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, the interests or short positions of our Directors and our chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) *Interest in the Shares*

Name of Director	Nature of interest	Number of Shares held after the Capitalization Issue and the Global Offering ⁽¹⁾	Percentage of interest in our Company immediately following completion of the Capitalization Issue and the Global Offering ⁽¹⁾
Mr. Lui Wing Wai <i>Note 2</i>	Interest in a controlled corporation	504,000,000	31.5%
Mr. Lui Wing Nam <i>Note 3</i>	Interest in a controlled corporation	396,000,000	24.75%
Mr. Lui Chi Chung Jimmy <i>Note 3</i>	Interest in a controlled corporation	396,000,000	24.75%
Mr. Lui Wing Mau <i>Note 4</i>	Interest in a controlled corporation	300,000,000	18.75%
Mr. Lui Jin Ling <i>Note 4</i>	Interest in a controlled corporation	300,000,000	18.75%

Notes:

- (1) *The calculation is based on the total number of 1,600,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).*
- (2) *These 504,000,000 Shares are held by Huaxing, a company owned as to 60% and 40% by Mr. Lui Wing Wai and Mr. Lui Man Wai respectively. Mr. Lui Wing Wai is deemed to be interested in all the Shares held by Huaxing for the purpose of SFO. Please refer to "History, Reorganization and Group Structure — Acting-in-concert Confirmation" for further details.*
- (3) *These 396,000,000 Shares are held by Hualian, a company owned as to 60% and 40% by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively. Therefore, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy are each deemed to be interested in all the Shares held by Hualian for the purpose of SFO.*
- (4) *These 300,000,000 Shares are held by Hualong, a company owned as to 60% and 40% by Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively. Therefore, Mr. Lui Jin Ling and Mr. Lui Wing Mau are each deemed to be interested in all the Shares held by Hualong for the purpose of SFO.*

(b) Interests of the Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering have an interest or short position in the Shares or the underlying Shares which are 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 directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation) between the Directors and any member of our Group;
- (b) none of the Directors or the experts named in the section headed “Appendix V — Statutory and General Information — E. Other Information — 10. Consents of experts” has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of our Company within the two years ended on the date of this prospectus;
- (d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the exercise of the Over-Allotment Option or may be granted under the Share Option Scheme, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions 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 (not being a member of our Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital or shares carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of the Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once the Shares are listed thereon.

E OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders (namely, Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Wing Mau, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling, Huaxing, Hualian and Hualong, collectively the “**Indemnifiers**”) have, under the Deed of Indemnity, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things,

- (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Global Offering becomes unconditional; or (ii) in respect of or by reference to any act, omission or transaction voluntarily effected by our Group not in the ordinary course of business on or before the date on which the Global Offering becomes unconditional; and
- (b) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group or their respective directors and/or representatives as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group or their respective directors and/or representatives in relation to events occurred on or before the date on which the Global Offering becomes unconditional, including but not limited to all incidents of non-compliance, violation or breach as disclosed in the section headed “Business — Compliance with laws and regulations — Non-compliance incidents during the Track Record Period ” in this prospectus.

The Indemnifiers will, however, not be liable for any taxation claim under the Deed of Indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation claim in the audited combined accounts of our Company or any other member of our Group for the Track Record Period; or
- (b) the taxation claim arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Global Offering becomes unconditional; or
- (c) the taxation liability is caused by the act or omission of, or transaction voluntarily effected by any member of our Group which is carried or effected in the ordinary course of business after December 31, 2019 up to and including the date on which the Global Offering becomes unconditional.

2. Litigation

Save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

3. Preliminary expenses

The preliminary expenses of our Company are estimated to be HK\$39,000 and are payable by our Company.

4. Agency fees or commissions

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

5. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Global Offering and the exercise of the Over-allotment Option. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor's fee in relation to the Listing is HK\$5 million.

6. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2019 (being the date on which the latest audited combined financial statements of our Group were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) our Company has no outstanding convertible debt securities or debentures.
- (b) Our Company has no founder shares, management shares or deferred shares in the capital of our Company.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (d) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
WAG Worldsec Corporate Finance Limited	A corporation licensed to carry on type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities for the purpose of the SFO
PricewaterhouseCoopers	Certified public accountants under Professional Accountant Ordinance (Cap. 50) and Registered PIE Auditor under Financial Reporting Council Ordinance (Cap. 588)
Cushman & Wakefield Limited	Independent property valuer
Cushman & Wakefield Limited	Market consultant
Jingtian & Gongcheng	PRC legal adviser
Harney Westwood & Riegels	Cayman Islands attorneys-at-law

10. Consents of experts

Each of the experts listed in the section headed “ — 9. Qualifications of experts” has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it appears.

As of the Latest Practicable Date and save as disclosed in the preceding paragraph, none of the experts named in the section headed “ — 9. Qualifications of experts” had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

11. Promoter

We do not have any promoter. 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 within the two years immediately preceding the date of this prospectus.

12. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on June 20, 2020 and its implementation is conditional on the Listing.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our 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 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 Share Option Scheme

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group 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 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 allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes is 160,000,000, 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”) without taking into account 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 Share Option Scheme (or any other share option schemes of our 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 Share Option Scheme and any other share option schemes of our Group 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 Group 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 the 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 of the date of such approval. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (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 the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of our Group 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 the Shareholders (with such selected participant and his close associates (or his associates, if the selected participant is a connected person) abstaining from voting).

(e) Performance target

The 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 targets that must be attained 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 highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Hong Kong 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 Hong Kong 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 Share Option Scheme.

(h) Options granted to directors, the CEO or substantial shareholders of our Company

Each grant of options to any director of our Company, the CEO or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors of our Company (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 Hong Kong 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 Hong Kong 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 Hong Kong 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 core connected persons of our Company shall abstain from voting at such general meeting, except that any such associates or core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(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, which must be received by our Company within 20 business days from the date on which the offer letter is delivered to the grantee.

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 20 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 option shall be granted to any selected participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

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 our 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 Share Option Scheme by a grantee may result in the options granted to such grantee being canceled by our 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 Share Option Scheme (excluding the canceled options) and in compliance with the terms of the 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 Directors at their absolute discretion determine that the grantee commits a breach of the rules of the Share Option Scheme.

(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 our 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 our Company in accordance with legal requirements and requirements of the Hong Kong Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number 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 advisor engaged by our Company for such purpose shall, at the request of our 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 advisor (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 advisor (as the case may be) shall be borne by our Company.

(p) Retirement, death or permanent physical or mental disability of a 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 our Group or its affiliate by reason of his/her permanent physical or mental disablement, (iii) retirement of the grantee, the option may be exercised within the Option Period, 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.

If a grantee, being an employee, whose employment is terminated by our Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been convicted of any criminal offense involving his integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be selected participant due to termination of his or her employment or contractual engagement with our Group by reason of redundancy, the option may be exercised within three 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.

If a grantee ceases to be selected participant other than in any of the circumstances described above, unless otherwise provided in the option agreement, a grantee may exercise his or her option within three 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.

(q) 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 one month (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 our 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 our 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 earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court 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 Share Option the 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.

(r) 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 two 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.

(s) *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 our Company and subject to all the provisions of the memorandum and articles of association of our 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 our Company or if that date falls on a day when the register of members of our 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 our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(t) *Duration*

The 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 Share Option Scheme), but in all other respects the provisions of the 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 Share Option Scheme.

(u) *Alteration of the Share Option Scheme*

The Board may amend any of the provisions of the 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 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 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 Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the 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 Hong Kong Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The options and the 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 Share Option Scheme must be approved by Shareholders of our Company in general meeting.

Notwithstanding any provisions to the contrary in the Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(v) *Termination*

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Share Option Scheme prior to the expiry of the Share Option Scheme and in such event no further options will be offered or granted but the provisions of the 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 Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Share Option Scheme.

F GENERAL

1. Taxation of holders of our Shares

(a) *Hong Kong*

Dealings in Shares registered on our Hong Kong 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, 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. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisors*

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasized that none of us, the Joint Global Coordinators, the Joint Bookrunners, the Sole Sponsor and the Underwriters and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in Shares.

2. 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).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Appendix V — Statutory and General Information — E. Other Information — 10. Consents of experts” in this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Appendix V — Statutory and General Information — A. Further information about our Company — 6. Summary of the material contracts” in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of CFN Lawyers in association with Broad & Bright, 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Company for the three financial years ended December 31, 2019;
- (d) the letter from PricewaterhouseCoopers on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, summary of valuations and valuation report relating to the property interests of our Group prepared by Cushman & Wakefield Limited, the texts of which are set out in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the material contracts referred to in the section headed “Appendix V — Statutory and General Information — A. Further information about our Company — 6. Summary of the material contracts” in this prospectus;
- (h) the service contracts with Directors, referred to in the section headed “Appendix V — Statutory and General Information — D. Further Information about the Directors, Management, Staff, Substantial Shareholders and Experts — 1. Particulars of Directors’ service contracts” in this prospectus;
- (i) the written consents referred to in the section headed “Appendix V — Statutory and General Information — E. Other Information — 10. Consents of experts” in this prospectus;
- (j) the legal opinions prepared by Jingtian & Gongcheng, our legal adviser as to PRC law, in respect of certain aspects of our Group and our property interests;
- (k) the letter of advice prepared by Harney Westwood & Riegels, our legal adviser on Cayman Islands Law, summarizing the constitution of our Company and certain aspects of the Cayman Companies Law referred to in Appendix IV;
- (l) the industry report issued by Cushman & Wakefield Limited, the summary of which is set forth in the section headed “Industry Overview” in this prospectus; and
- (m) the rules of the Share Option Scheme.



港龍中國地產
GANGLONG CHINA PROPERTY