

SHINSUN 祥生

祥生控股(集團)有限公司

SHINSUN HOLDINGS (GROUP) CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2599



GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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

SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 600,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 60,000,000 Shares (subject to reallocation)
Number of International Offer Shares	: 540,000,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$6.20 per Hong Kong Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: US\$0.01 per Share
Stock code	: 2599

Joint Sponsors, 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 in Hong Kong and Available for Inspection — A. Document Delivered to the Registrar of Companies" of this Prospectus, has been registered with 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 of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, November 11, 2020 and, in any event, no later than Friday, November 13, 2020. The Offer Price will be no more than HK\$6.20 per Offer Share and is currently expected to be no less than HK\$4.80 per Offer Share unless otherwise announced. Investors applying for Offer Shares must pay, on application, the maximum Offer Price of HK\$6.20 per Share, unless otherwise announced, together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$6.20 per Offer Share.

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.shinsunholdings.com no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares." If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on or before Friday, November 13, 2020, the Global Offering will not proceed and will lapse. For more information, see "Underwriting — Underwriting Agreements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination."

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in accordance with Regulation S under the U.S. Securities Act.

October 30, 2020

EXPECTED TIMETABLE⁽¹⁾

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

Latest time to complete electronic applications under

White Form eIPO Service through the designated

website at www.eipo.com.hk⁽²⁾ 11:30 a.m. on Wednesday,
November 11, 2020

Application lists open⁽³⁾ 11:45 a.m. on Wednesday,
November 11, 2020

Latest time to lodge **WHITE** and **YELLOW**

Application Forms 12:00 noon on Wednesday,
November 11, 2020

Latest time to give **electronic application**

instructions to HKSCC⁽⁴⁾ 12:00 noon on Wednesday,
November 11, 2020

Latest time to complete payment of **White Form eIPO**

applications by effecting internet banking transfer(s) or

PPS payment transfer(s) 12:00 noon on Wednesday,
November 11, 2020

Application lists close⁽³⁾ 12:00 noon on Wednesday,
November 11, 2020

Expected Price Determination Date⁽⁵⁾ Wednesday,
November 11, 2020

- (1) Announcement of the final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.shinsunholdings.com⁽⁶⁾ on or before Tuesday,
November 17, 2020

EXPECTED TIMETABLE⁽¹⁾

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available through a variety of channels as described (in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results") Tuesday, November 17, 2020

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.shinsunholdings.com⁽⁶⁾ Tuesday, November 17, 2020

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk (alternatively; English : <https://www.eipo.com.hk/en/Allotment>; Chinese : <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function Tuesday, November 17, 2020

Dispatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾ Tuesday, November 17, 2020

Dispatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of wholly or partially successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Tuesday, November 17, 2020

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Wednesday, November 18, 2020

EXPECTED TIMETABLE⁽¹⁾

The application for the Hong Kong Offer Shares will commence on Friday, October 30, 2020 through Wednesday, November 11, 2020, being longer than normal market practice of four days. The application monies (including the brokerage fee, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving banks on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, November 17, 2020. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, November 18, 2020.

Notes:

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website on or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 and/or Extreme Conditions or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, November 11, 2020, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” of this Prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should see “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” of this Prospectus.
- (5) The Price Determination Date is expected to be on or around Wednesday, November 11, 2020 and, in any event, no later than Friday, November 13, 2020. If, for any reason, the Offer Price is not agreed by Friday, November 13, 2020 between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not become unconditional and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this Prospectus.
- (7) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on Wednesday, November 18, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, November 17, 2020 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation’s chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Company’s Hong Kong

EXPECTED TIMETABLE⁽¹⁾

Share Registrar at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should see "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" of this Prospectus for details. Uncollected refund cheques and/or Share certificates will be dispatched by ordinary post, at the applicant's own risk, to the addresses specified in the relevant applications. Applicants who have applied less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post at the applicant's risk, to the address specified in the relevant applicants.

The above expected timetable is a summary only. See the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this Prospectus for details of the structure and conditions of the Global Offering, as well as the application procedures for Hong Kong Public Offering.

CONTENTS

This Prospectus is issued by Shinsun Holdings (Group) Co., Ltd. solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on as having been authorized by our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisers or any other person or party involved in the Global Offering.

	<i>Page</i>
EXPECTED TIMETABLE	i
CONTENTS	v
SUMMARY	1
DEFINITIONS	28
GLOSSARY	44
FORWARD-LOOKING STATEMENTS	47
RISK FACTORS	49
WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES	105
INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING	110
DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING	115

CONTENTS

CORPORATE INFORMATION	123
INDUSTRY OVERVIEW.....	126
REGULATORY OVERVIEW	150
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE	177
BUSINESS	204
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS	373
CONNECTED TRANSACTIONS	379
DIRECTORS AND SENIOR MANAGEMENT.....	402
SUBSTANTIAL SHAREHOLDERS	419
SHARE CAPITAL	421
FINANCIAL INFORMATION.....	424
FUTURE PLANS AND USE OF PROCEEDS	537
UNDERWRITING	541
STRUCTURE OF THE GLOBAL OFFERING.....	554
HOW TO APPLY FOR HONG KONG OFFER SHARES	566
APPENDIX I – ACCOUNTANTS’ 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 OUR COMPANY AND CAYMAN ISLANDS COMPANIES LAW.....	IV-1
APPENDIX V – STATUTORY AND GENERAL INFORMATION	V-1
APPENDIX VI – DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION	VI-1

SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety 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 “Risk Factors” of this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA during the Track Record Period. According to the China Real Estate Index System, we were ranked third among all residential property developers in Zhejiang Province in 2019 in terms of contracted sales, accounting for approximately 5.1% of the total property contracted sales in Zhejiang Province. According to CRIC, we were ranked the 28th among all the developers in the PRC in 2019 in terms of contracted sales, accounting for approximately 0.7% of the total property contracted sales in the PRC. According to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” in three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region, such as Jingmen in Hubei Province, Hengyang and Changde in Hunan Province and Hohhot in Inner Mongolia Autonomous Region. Our “1+1+X” strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans.

SUMMARY

During the Track Record Period, our “1+1+X” expansion strategy has led to significant growth in our business. Our revenue increased from RMB6,293.3 million in 2017 to RMB14,215.3 million in 2018, and further to RMB35,519.5 million in 2019, representing a CAGR of 137.6%. Our revenue increased by 123.0% from RMB3,835.1 million in the four months ended April 30, 2019 to RMB8,551.9 million in the four months ended April 30, 2020. Our “1+1+X” strategy contributed to the continuous improvement of our financial performance during the Track Record Period, primarily due to the delivery of an increasing amount of property projects which have been acquired and developed as a result of the implementation of the “1+1+X” strategy since 2016. Our recognized GFA increased from approximately 838,289 sq.m. in 2017 to approximately 1,422,554 sq.m. in 2018, and further to approximately 3,488,380 sq.m. in 2019, representing a CAGR of 104.0%. Our recognized GFA increased significantly from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 27th in 2020.

The following table sets forth the movement of our aggregate contracted sales of our subsidiaries based on the pre-sales and sales contracts signed and registered online for the periods indicated.

	Year ended December 31,			Four months ended
	2017	2018	2019	April 30, 2020
	(RMB'000)			
Opening aggregate contracted sales that had not been delivered as of the end of the year/period.....	13,056,353	42,697,747	75,704,699	86,451,373
Add: new contracted sales during the year/period	36,016,532	47,446,072	48,018,859	12,101,175
Less: pre-sales and sales delivered during the year/period ⁽¹⁾	6,375,138	14,439,120	37,272,185	9,325,303
Ending aggregate contracted sales that had not been delivered as of the end of the year/period.....	42,697,747	75,704,699	86,451,373	89,227,245

Note:

- (1) Refer to the aggregate contract value corresponding to the properties that were delivered in the year/period, which is not equivalent to recognized revenue in the same year/period.

We recorded a relatively lower monthly average contracted sales in the four months ended April 30, 2020 compared to 2018 and 2019, primarily due to the impact of COVID-19 pandemic. For details, see “Summary — Recent Developments and No Material Adverse Change — COVID-19 Outbreak” and “Business — Effects of the COVID-19 Pandemic.”

SUMMARY

The following table shows the reconciliation of the transaction prices allocated to the remaining performance obligations as disclosed in the Accountants' Report attached as Appendix I to this Prospectus with the contracted sales in the relevant periods.

	As of December 31,			As of
	2017	2018	2019	April 30, 2020
	(RMB'000)			
The transaction price allocated to the remaining performance obligations ⁽¹⁾	41,950,875	79,155,414	81,491,988	89,735,915
Impacts of tax and timing differences of online registration, net.....	746,872	(3,450,715)	4,959,385	(508,670)
The ending aggregate contracted sales	42,697,747	75,704,699	86,451,373	89,227,245

Note:

- (1) Represent the aggregate contract value of pre-sale/sale contracts signed regardless of whether they have been registered online, and exclude tax.

As of July 31, 2020, we had 205 property projects at various stages of development, comprising 181 projects developed by our subsidiaries and 24 projects developed by our joint ventures and associates. As of July 31, 2020, our projects had an aggregate GFA attributable to us of approximately 23,824,832 sq.m., including (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties of approximately 2,756,613 sq.m.; (ii) total planned GFA for properties under development of approximately 16,271,889 sq.m.; and (iii) total estimated GFA for properties held for future development of approximately 4,796,330 sq.m.

OUR BUSINESS MODEL

During the Track Record Period, we derived our revenue primarily from development and sales of residential properties and commercial properties. We also derived a small portion of revenue from management consulting services and property leasing. Historically, we were also involved in certain ancillary businesses, including hotel services and property management services. Ancillary businesses require expertise, management and other resources which are different from our core business, namely, property development and sales. As such, our Group disposed of these ancillary businesses as part of our Reorganization. See “Our History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies,” “Business — Hotel Services” and “Business — Property Management Services” for further details. The following table sets forth a breakdown of our revenue by business line for the periods indicated, both in absolute amount and as a percentage of total revenue.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Property development and sales ...	6,165,676	98.0	14,077,218	99.0	35,372,157	99.6	3,786,450	98.7	8,515,084	99.6
Management consulting services...	—	—	8,972	0.1	23,893	0.1	4,915	0.1	5,989	0.0
Property leasing	14,042	0.2	14,563	0.1	12,619	0.0	3,789	0.1	16,068	0.2
Hotel services	110,075	1.7	111,853	0.8	107,088	0.3	38,787	1.1	13,560	0.2
Property management services.....	3,502	0.1	2,696	0.0	3,781	0.0	1,115	0.0	1,172	0.0
Total	6,293,295	100.0	14,215,302	100.0	35,519,538	100.0	3,835,056	100.0	8,551,873	100.0

SUMMARY

We incurred the vast majority of our cost of sales in our property development and sales business. Our cost of sales incurred in property development and sales primarily represents construction costs, land acquisition costs and capitalized interest costs. We finance our property development primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, and cash flows generated from diversified external financing channels, such as bank and other borrowings, ABS and senior notes. The following table sets forth a breakdown of our cost of sales by business line and property type in terms of property development and sales business during the periods indicated, both in absolute amount and as a percentage of total cost of sales.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Property development and sales	5,399,692	99.0	11,154,733	99.5	26,975,106	99.8	3,115,590	99.5	6,770,161	99.9
Management consulting services	–	–	5,071	0.0	10,788	0.0	2,786	0.1	2,742	0.0
Property leasing	590	0.0	362	0.0	187	0.0	61	0.0	2,899	0.0
Hotel services	56,889	1.0	52,981	0.5	50,854	0.2	11,529	0.4	6,409	0.1
Property management services	2,290	0.0	2,974	0.0	2,492	0.0	817	0.0	1,097	0.0
Total	5,459,461	100.0	11,216,121	100.0	27,039,427	100.0	3,130,783	100.0	6,783,308	100.0

The following table sets forth a breakdown of our revenue, gross profit and gross profit margins by property type during the periods indicated.

	Year ended December 31,									Four months ended April 30,										
	2017				2018				2019				2019				2020			
			Gross				Gross				Gross				Gross				Gross	
	Revenue		profit	margin	Revenue		profit	margin	Revenue		profit	margin	Revenue		profit	margin	Revenue		profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)																			
Residential properties ⁽¹⁾ . . .	5,753,065	93.3	595,223	10.3	13,768,974	97.8	2,820,010	20.5	34,400,043	97.3	8,011,911	23.3	3,537,206	93.4	549,295	15.5	8,342,760	98.0	1,652,931	19.8
Commercial properties	412,611	6.7	170,761	41.4	308,244	2.2	102,475	33.2	972,114	2.7	385,140	39.6	249,244	6.6	121,565	48.8	172,324	2.0	91,992	53.4
Total	6,165,676	100.0	765,984	12.4	14,077,218	100.0	2,922,485	20.8	35,372,157	100.0	8,397,051	23.7	3,786,450	100.0	670,860	17.7	8,515,084	100.0	1,744,923	20.5

Note:

(1) Include both residential properties and car parks.

SUMMARY

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and distinguish us from our competitors: (i) a fast-growing, large-scale, comprehensive real estate developer, deeply rooted in Zhejiang Province and the Pan-Yangtze River Delta Region with strategic nationwide coverage; (ii) “1+1+X” expansion strategy and quality land bank, laying solid foundation for long-term growth; (iii) quality, diversified product portfolio and well-established brand image in line with our “happy life operator” vision; (iv) standardized management structure to safeguard investment return and control risks; and (v) seasoned and visionary management team and dedicated execution team.

BUSINESS STRATEGIES

Our goal is to become a leading real estate developer offering quality products in the PRC. To achieve our goal, we intend to implement the following strategies: (i) continue with our “1+1+X” expansion strategy, strengthen our position in Zhejiang Province and the Pan-Yangtze River Delta Region and actively expand into cities with high potential; (ii) further optimize our product mix and upgrade our services to enhance brand value; (iii) further improve operational efficiency through standardized management and comprehensive operation model; (iv) continue to diversify financing channels, improve capital structure and reduce costs; and (v) continue to build a talented team and establish a competitive compensation scheme.

SUMMARY

OUR LAND BANK

The following table sets forth a breakdown of total land bank as of July 31, 2020 in terms of geographical location.

		Completed			Under Development	Future Development		
	Number of Projects	GFA Available for Sale ⁽¹⁾	Leasable GFA ⁽²⁾	GFA for Property Investment	Planned GFA	Estimated GFA	Total Land Bank Attributable to Us ⁽³⁾⁽⁴⁾	% of Total Land Bank
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Property Projects Developed by Our Subsidiaries								
<i>Shanghai Municipality</i> ..	3	14,614	17,252	–	–	288,366	320,232	1.3%
<i>Zhejiang Province</i>	91	623,715	563,693	256,901	8,146,186	1,070,350	10,660,845	44.7%
<i>Jiangsu Province</i>	17	208,617	306,700	–	937,955	346,036	1,799,309	7.6%
<i>Shandong Province</i>	8	2,290	125,380	–	961,918	960,370	2,049,958	8.6%
<i>Anhui Province</i>	30	170,105	164,147	–	2,300,625	558,695	3,193,572	13.4%
<i>Jiangxi Province</i>	6	–	–	–	712,028	300,447	1,012,475	4.2%
<i>Hubei Province</i>	13	18,948	20,925	82,123	348,257	461,176	931,429	3.9%
<i>Hunan Province</i>	3	8,405	18,391	–	598,206	125,805	750,807	3.2%
<i>Inner Mongolia Autonomous Region</i>								
<i>Region</i>	6	–	–	–	839,771	239,532	1,079,303	4.5%
<i>Fujian Province</i>	1	56,504	–	–	19,624	300,000	376,128	1.6%
<i>Liaoning Province</i>	3	16,280	19,186	–	49,666	–	85,131	0.4%
Total	181	1,119,477	1,235,673	339,024	14,914,236	4,650,778	22,259,189	93.4%
Property Projects Developed by Our Joint Ventures and Associates								
<i>Zhejiang Province</i>	16	8,997	–	–	1,096,804	106,170	1,211,971	5.1%
<i>Jiangsu Province</i>	4	1,627	697	–	116,326	–	118,650	0.5%
<i>Anhui Province</i>	3	5,673	15,787	–	72,792	39,382	133,635	0.6%
<i>Jiangxi Province</i>	1	9,956	19,702	–	71,729	–	101,387	0.4%
Attributable-total	24	26,253	36,185	–	1,357,652	145,552	1,565,643	6.6%
Total Land Bank	205	1,145,730	1,271,858	339,024	16,271,889	4,796,330	23,824,832	100.0%

SUMMARY

The following table sets forth the breakdown of the total land bank attributable to us of our property portfolio as of July 31, 2020 in terms of types of properties.

	Completed			Under Development	Future Development	Total Land Bank	
	GFA Available for Sale ⁽¹⁾	Leasable GFA ⁽²⁾	GFA for Property Investment	Planned GFA	Estimated GFA	Attributable to Us ⁽³⁾⁽⁴⁾	% of Total Land Bank
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Property Projects Developed by Our Subsidiaries							
Residential.....	674,094	–	–	10,166,203	2,909,083	13,749,380	57.7%
Commercial ⁽⁵⁾	142,566	–	280,285	457,467	579,704	1,460,022	6.1%
Car parks and storage spaces ..	302,818	1,235,673	58,739	3,948,201	1,018,474	6,563,905	27.6%
Ancillary and others	–	–	–	342,365	143,517	485,881	2.0%
Total.....	1,119,477	1,235,673	339,024	14,914,236	4,650,778	22,259,189	93.4%
Property Projects Developed by Our Joint Ventures and Associates							
Residential.....	21,204	–	–	798,404	59,968	879,576	3.7%
Commercial ⁽⁵⁾	934	7,291	–	137,211	59,831	205,267	0.9%
Car parks and storage spaces ..	4,115	27,654	–	360,464	25,171	417,403	1.8%
Ancillary and others	–	1,241	–	61,575	582	63,397	0.3%
Attributable-total	26,253	36,185	–	1,357,652	145,552	1,565,643	6.6%
Total Land Bank	1,145,730	1,271,858	339,024	16,271,889	4,796,330	23,824,832	100.0%

Notes:

- (1) Includes (i) GFA pre-sold but yet to be delivered; and (ii) GFA unsold and available for sale.
- (2) Refers to GFA available to generate rental income excluding investment properties.
- (3) For projects held by our joint ventures or our associates, total GFA has been adjusted by our equity interest in the respective project.
- (4) Total land bank equals the sum of (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development, including GFA for which we have signed a land grant contract but have not obtained the relevant land use rights certificates.
- (5) Primarily includes shopping malls, ground-floor retail spaces, offices, hotels and serviced apartments.

SUMMARY

The following table sets forth the movement of the total land bank of projects developed by our subsidiaries for the periods indicated.

	Year ended December 31,			Seven months ended July 31, 2020
	2017	2018	2019	
	(in sq.m.)			
At the beginning of the year/period ⁽¹⁾	6,794,772	13,679,429	19,816,014	19,486,232
Add: land bank newly obtained during the year/period.....	7,745,430	7,861,915	3,927,269	4,850,224
Less: completed GFA delivered during the year/period.....	860,773	1,725,331	4,257,050	2,077,267
At the end of the year/period	<u>13,679,429</u>	<u>19,816,014</u>	<u>19,486,232</u>	<u>22,259,189</u>

Note:

- (1) GFA at the beginning of each year/period was calculated by (i) adding back the completed GFA delivered; and (ii) deducting the changes in the GFA as a result of establishment or disposal of subsidiaries or changes in the number of permits or certificates obtained during different stages of project development on which we relied for the calculation of GFA, the impacts of which we believe are immaterial.

As of April 30, 2020, we had incurred an aggregate development costs of RMB116,655.0 million for our projects which were under development as of July 31, 2020. We estimate that we will incur additional development costs of approximately RMB52,915.0 million to complete the construction of our projects which were under development as of July 31, 2020. We finance these projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, and cash flows generated from diversified external financing channels, such as bank and other borrowings, ABS and senior notes.

The increases in total recognized GFA resulted from increases in the number of property projects delivered during the relevant periods and our continuous efforts on strengthening our market positions in Zhejiang Province and the Pan-Yangtze River Delta Region, such as Hangzhou, Jiaxing, Huzhou, Wuhu and Lianyungang in 2018 and Quzhou, Nantong and Nanjing in 2019. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we generated property development and sales revenue from 35, 48, 75, 35 and 34 property projects, respectively. The increases in recognized ASP per sq.m. were primarily due to the prevailing market conditions and the selling prices for properties in cities and regions where we developed. For more details on the reasons for the changes in total recognized GFA and recognized ASP per sq.m. during the Track Record Period, see “Financial Information — Results of Operations — Revenue.”

SUMMARY

The following table sets forth certain data on total recognized GFA, recognized ASP and our cost of sales for the periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
Total recognized GFA (sq.m.).....	838,289	1,422,554	3,488,380	432,168	898,231
Recognized ASP per sq.m. (RMB)	7,355	9,896	10,140	8,762	9,480
Average cost per sq.m. recognized (RMB) ⁽¹⁾	6,441	7,841	7,733	7,209	7,537
Average cost as a % of recognized ASP	87.6%	79.2%	76.3%	82.3%	79.5%
Average land acquisition cost per sq.m. recognized (RMB) ⁽²⁾	2,342	2,937	2,915	3,165	3,715
Average land acquisition cost as a % of recognized ASP	31.8%	29.7%	28.7%	36.1%	39.2%

Notes:

- (1) Refer to the average cost of our property development and sales and is derived by dividing the sum of construction costs, land acquisition costs and capitalized interest costs by the total GFA recognized in that period.
- (2) Refer to the average land acquisition cost of our property development and sales and is derived by dividing the land acquisition costs for a period by the total recognized GFA in that period.

The following table sets forth a breakdown of our cost of sales for property development and sales by type of costs during the periods indicated, both in absolute amount and as a percentage of total cost of sales for property development and sales.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Construction costs	2,879,654	53.3	6,115,220	54.8	15,197,672	56.3	1,597,202	51.3	3,140,758	46.4
Land acquisition costs	1,963,138	36.4	4,178,234	37.5	10,169,862	37.7	1,367,911	43.9	3,336,897	49.3
Capitalized interest costs ...	556,900	10.3	861,279	7.7	1,607,572	6.0	150,477	4.8	292,506	4.3
Total	5,399,692	100.0	11,154,733	100.0	26,975,106	100.0	3,115,590	100.0	6,770,161	100.0

PROPERTY VALUATION

JLL, an independent property valuer valued our properties based on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

In the valuation of property interests by using comparison method, JLL has identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject properties such as nature, use, size, layout, accessibility, environmental quality of

SUMMARY

the properties. The selected comparables are basically located in the area close to the subject properties or within the same development. Appropriate adjustments and analysis are considered with regard to the differences in location, size and other characters between the comparable properties and the subject properties to arrive at an assumed unit rate for the subject properties.

In the valuation of property interests by using income approach, JLL has taken into account the rental income of the subject properties derived from their existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value of the subject properties at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In the valuation of property interests which are construction in progress, JLL has assumed that they will be developed and completed in accordance with the latest development proposals provided by us. In arriving at its opinion of values, JLL has adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. JLL has relied on the accrued construction cost and professional fees information provided by our Group according to the different stages of construction of the properties as of the valuation date, and did not find any material inconsistency from those of other similar developments.

JLL has valued our property interests as of July 31, 2020 and is of the opinion that the aggregate value of our property as at such date was approximately RMB135,183.0 million. The full text of the letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix III to this Prospectus. For risks associated with assumptions made in the valuation of our properties, see “Risk Factors — Risks Relating to Our Business — The actual realizable value of our properties may be substantially lower than their appraisal value and is subject to change.”

Our Suppliers and Customers

Our suppliers primarily include construction contractors and equipment suppliers. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from our five largest suppliers amounted to RMB5,026.8 million, RMB10,465.2 million, RMB11,286.0 million and RMB2,299.9 million, respectively, accounting for 43.9%, 47.3%, 57.5% and 53.3%, respectively, of our total purchases. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from our single largest supplier, Xiangsheng Construction (which is a connected person), amounted to RMB4,386.3 million, RMB9,610.1 million, RMB9,832.4 million and RMB1,770.7 million, respectively, accounting for 38.3%, 43.5%, 50.1% and 41.1%, respectively, of our total purchases.

SUMMARY

Our customers are primarily individual purchasers and corporate entities. In 2017, 2018 and 2019 and the four months ended April 30, 2020, revenue from our five largest customers accounted for 1.7%, 0.5%, 0.2% and 0.6%, respectively, of our total revenue.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalization Issue and the Global Offering (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), Shinlight Limited will directly hold 79.2% of the total issued share capital of our Company. Shinlight Limited is wholly owned by Shinfamily Holdings, the holding vehicle of the Family Trust, which in turn is wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. Mr. Chen, as the settlor of the Family Trust, through Shinlight Limited, controls the exercise of more than 30% of the voting power at general meetings of our Company. Accordingly, Mr. Chen and Shinlight Limited are our Controlling Shareholders under the Listing Rules.

PRE-IPO INVESTMENT

The Pre-IPO Investor, through Golden Stone HK, made an investment in our Group for a total cash consideration of RMB62.0 million, which was based on an independent valuation after arm's length negotiations between the parties and was settled on April 29, 2020. The total cost of investment under the pre-IPO investment represents a discount of approximately 48.5% to the Offer Price per Share (based on the mid-point of the indicative Offer Price range of HK\$5.50 per Share). 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 of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), Golden Stone, a company wholly owned by the Pre-IPO Investor, will be interested in 0.8% of the issued share capital of our Company. Golden Stone has agreed not to dispose of the Shares directly or indirectly held by it for a period of six months following the Listing Date. See “History, Reorganization and Group Structure — Pre-IPO Investment” in this Prospectus for further details.

CONNECTED TRANSACTIONS

During the Track Record Period, we had engaged various companies ultimately controlled by Mr. Chen to provide (i) property management services, which primarily includes pre-delivery services prior to the delivery of properties to property owners and property management services for unsold property units held by us (the “**Property Management Services**”); (ii) sales management services, which primarily includes reception services, cleaning, car park management, security and maintenance services in showrooms, display units and sales offices for our property projects, as well as the commercial properties occupied or operated by us (the “**Sales Management Services**”); (iii) landscape engineering services, which primarily includes greening services, landscaping services, and outdoor road and drainage engineering services for our property projects (the “**Landscape Engineering Services**”); and (iv) construction and related services as main contractor for our property

SUMMARY

projects (the “**Construction Services**”). It is expected that we will continue to engage such companies to provide the above services to us after Listing, which will constitute continuing connected transactions for our Company under the Listing Rules after Listing.

The following sets forth a summary of the historical transaction amounts during the Track Record Period and the annual caps for the service fees payable by us to such companies for the three years ending December 31, 2022:

	Historical transaction amount for				Annual cap for		
	Year ended December 31,			Four months ended	Year ending December 31,		
	2017	2018	2019	April 30, 2020	2020	2021	2022
	<i>(RMB in millions)</i>						
1. Property Management Services	7.6	13.6	31.8	12.1	54.7	59.4	64.0
2. Sales Management Services	27.3	86.2	124.5	14.8	134.9	177.9	216.2
3. Landscape Engineering Services	77.5	209.8	453.9	69.6	414.9	496.6	619.2
4. Construction Services	4,386.3	9,610.1	9,832.4	1,770.7	9,077.5	11,324.4	13,401.7

In addition to the above services, our Group has entered into certain transactions in relation to trademark licensing, property lease and hotel lease with companies ultimately controlled by Mr. Chen, which will also constitute continuing connected transactions for our Company under the Listing Rules after Listing. For details, see “Connected Transactions” in this Prospectus.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders’ Approval Requirement” in this Prospectus and (ii) the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions — C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements” in this Prospectus.

SUMMARY

SUMMARY KEY FINANCIAL INFORMATION

Selected Combined Statements of Profit and Loss and Other Comprehensive Income Data

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
Revenue.....	6,293,295	14,215,302	35,519,538	3,835,056	8,551,873
Cost of sales.....	(5,459,461)	(11,216,121)	(27,039,427)	(3,130,783)	(6,783,308)
Gross profit.....	833,834	2,999,181	8,480,111	704,273	1,768,565
Fair value gains on investment properties.....	17,285	13,978	22,406	18,163	854
(Loss)/profit before tax	(291,844)	686,062	5,530,348	(68,811)	1,067,936
(Loss)/profit after tax	(285,949)	427,940	3,208,955	(115,614)	600,345
Total comprehensive income for the year/period	(285,949)	427,940	3,208,955	(115,614)	721,392
Attributable to:					
Owners of the parent	(300,123)	325,047	2,312,283	(131,320)	701,906
Non-controlling interests	14,174	102,893	896,672	15,706	19,486
	(285,949)	427,940	3,208,955	(115,614)	721,392

We experienced rapid financial growth during the Track Record Period. We recorded revenue of RMB6,293.3 million, RMB14,215.3 million, RMB35,519.5 million, RMB3,835.1 million and RMB8,551.9 million, respectively, in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020. For the same periods, we recorded gross profit margin of 13.2%, 21.1%, 23.9%, 18.4% and 20.7%, respectively. The general increase in our revenue during the Track Record Period was primarily driven by our financial performance of our business of property development and sales, which in turn was primarily attributable to the increase in total GFA delivered and recognized ASP per sq.m. The general increase in our gross profit margin during the Track Record Period was primarily driven by (i) the delivery of certain properties with relatively high recognized ASP due to their locations; (ii) the implementation of our standardized operating procedures for our project development, our acute insight into market trends, and detailed and prudent processes for land acquisition opportunities, which enabled us to acquire land at reasonable cost and control development and construction costs; and (iii) the general improvement in residential property market condition in Hangzhou and cities around Hangzhou.

SUMMARY

We recorded a net loss of RMB285.9 million in 2017, which was primarily because we accelerated our property development activities and geographical expansion since 2016 and incurred significant administrative expenses and selling and distribution expenses in 2017, while the total recognized GFA and the recognized ASP were relatively low in 2017, resulting in the relatively low gross profit margin in 2017 as compared to 2018 and 2019. See “Financial Information” for more details about our financial performance during the Track Record Period.

Selected Combined Statements of Financial Position Data

	As of December 31,			As of
	2017	2018	2019	April 30,
	(RMB'000)			2020
Total non-current assets.....	2,574,290	4,177,467	5,572,070	6,142,150
Total current assets	73,591,120	117,890,290	125,055,622	130,115,009
Total current liabilities.....	60,668,413	105,489,575	107,385,357	113,792,674
Net current assets	12,922,707	12,400,715	17,670,265	16,322,335
Total non-current liabilities	14,037,765	13,697,323	17,267,219	16,795,176
Net assets.....	1,459,232	2,880,859	5,975,116	5,669,309
Non-controlling interests	777,687	923,063	1,357,691	1,339,820
Total equity	1,459,232	2,880,859	5,975,116	5,669,309

Our net assets decreased by 5.1% from RMB5,975.1 million as of December 31, 2019 to RMB5,669.3 million as of April 30, 2020, primarily because in the four months ended April 30, 2020, we made deemed distribution of approximately RMB1,023.7 million, consisting of (i) an RMB59.8 million payment to Mr. Chen for the acquisition of a 1.86% equity interest in Shinsun Property by Zhuji Zhuojie, see “History, Reorganization and Corporate Structure — Reorganization — Acquisition of 1.86% interest in Shinsun Property by Zhuji Zhuojie;” and (ii) considerations of RMB963.8 million in relation to acquisitions of PRC companies. See “History, Reorganization and Corporate Structure — Reorganization — Acquisition of PRC companies.”

For more details, see “Financial Information — Liquidity and Capital Resources — Net Current Assets.”

SUMMARY

Summary Combined Cash Flow Statements Data

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
Operating cash flows before movements					
in working capital.....	(149,956)	1,138,938	6,343,256	94,589	1,218,359
Changes in working capital	(10,113,694)	3,785,146	3,332,386	6,145,150	(2,954,554)
Cash (used in)/generated from operations	(10,263,650)	4,924,084	9,675,642	6,239,739	(1,736,195)
Interest received	16,400	96,145	157,339	30,645	31,641
Interest paid.....	(1,284,774)	(3,666,087)	(4,707,333)	(912,328)	(1,003,602)
Tax paid.....	(800,372)	(1,863,527)	(1,608,878)	(728,908)	(460,117)
Net cash flows (used in)/generated from					
operating activities	(12,332,396)	(509,385)	3,516,770	4,629,148	(3,168,273)
Net cash flows used in investing					
activities	(2,421,409)	(3,006,886)	(3,009,131)	(716,466)	(172,446)
Net cash flows generated from/(used in)					
financing activities	17,145,154	3,400,546	(1,205,817)	(3,243,288)	3,372,164
Net increase/(decrease) in cash and					
cash equivalents.....	2,391,349	(115,725)	(698,178)	669,394	31,445
Cash and cash equivalents at the					
beginning of the year/period.....	838,010	3,229,359	3,113,634	3,113,634	2,412,297
Cash and cash equivalents at the end					
of the year/period	3,229,359	3,113,634	2,415,456	3,783,028	2,443,742

Our cash flows and results of operations were subject to timing of property development, selling prices and the GFA pre-sold/sold during the relevant periods. See “Financial Information — Key Factors Affecting Our Results of Operations — Timing of Property Development, Pre-sales and Delivery.” We had negative cash flow from operating activities in 2017, 2018 and the four months ended April 30, 2020, primarily as a result of significant net cash used in our operations due to the long-term and capital-intensive nature of property development, the continued increases in our property development activities and strengthened land acquisition efforts.

SUMMARY

In the four months ended April 30, 2020, our net cash used in operating activities amounted to RMB3,168.3 million, which was primarily due to (i) an increase in properties under development and completed properties held for sale of RMB3,291.7 million in line with our increased property development activities; (ii) repayment of amounts due to related parties of RMB1,265.9 million as a result of our efforts to settle certain amounts due to related parties prior to Listing; and (iii) payments of interests of RMB1,003.6 million and taxes of RMB460.1 million, partially offset by (i) an increase in contract liabilities of RMB1,899.0 million due to increases in pre-sales; and (ii) an increase in trade and bills payable of RMB1,036.9 million due an increase in our business scale and in the amount of purchases of construction related materials and services. For details, see “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis.”

To improve our negative operating cash flow position, we plan 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 through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our sales and pre-sales 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 and land acquisition plans based on the cash inflow associated with existing and planned pre-sales and sales of properties. See “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis” and “Risk Factors — Risks Relating to Our Business — We had negative net operating cash flows during the Track Record Period” for more details. We have put in place a series of working capital management policies to closely monitor, analyze and control the cost and budget of each project and future plans to improve our working capital. For example, we manage our working capital under a centralized model and has adopted a two-tier management and organization structure to manage and oversee the use of our working capital. We monitor our cash outflow associated with the development and construction schedules and land acquisition plans by optimizing the payment schedules for land acquisition costs and construction fees to match our collection schedule for pre-sale proceeds and property sales plan. We also closely monitor our working capital during our opportunity identification stage, project design stage, and sales and marketing stage. For more details on our working capital management policies to ensure working capital sufficiency going forward, see “Business — Working Capital Management.”

During the Track Record Period, we mainly relied on cash generated from our operations, including proceeds from the pre-sales and sales of our properties, bank loans, trust financings, ABS and senior notes. Following our continuous expansion of property portfolio, we expect our saleable GFA will continue to increase and our proceeds from pre-sales and sales of properties to increase. We believe we will be in a better position to control and manage our costs and expenses due to our increasing economies of scale. We will also manage and further improve our sales and pre-sale schedules to ensure adequate cash flow for our business operations. As such, we do not expect the net operating cash outflow during the Track Record Period would materially and adversely affect our operations and financial performance after the Listing. To achieve sufficient working capital, we will continue to improve our cash inflow associated with our sales by strengthening our cost control efforts.

SUMMARY

Indebtedness

We maintained a substantial level of borrowings to finance our operations during the Track Record Period. As of December 31, 2017, 2018 and 2019, April 30, 2020 and August 31, 2020, our total borrowings, comprising interest-bearing bank and other borrowings, ABS (which were fully repaid by April 30, 2020) and senior notes, amounted to RMB25,874.4 million, RMB29,065.1 million, RMB28,527.4 million, RMB32,214.3 million and RMB41,441.6 million, respectively. Our weighted average interest rates for our bank and other borrowings, ABS and senior notes were 8.09%, 8.13%, 9.28%, 9.69% and 9.77% as of December 31, 2017, 2018 and 2019, April 30, 2020 and August 31, 2020, respectively. As of August 31, 2020, the outstanding amounts of our total borrowings, comprising interest-bearing bank and other borrowings and senior notes, amounted to RMB41,441.6 million. The interest rates of the bank loans, trust financing and senior notes range from 3.70% to 9.60%, 7.90% to 17.00% and 11.00% to 12.50%, respectively, per annum. The maturity dates of the bank loans, trust financing and senior notes range from 2020 to 2024, 2020 to 2026 and 2021 to 2022, respectively. See “Financial Information — Indebtedness” for details.

During the Track Record Period, we entered into a number of financing arrangements with trust financing companies and certain of the trust financing agreements involve a transfer of equity interests to the trust financing provider or a subscription of registered capital by the financial institutions. Certain trust financing companies held more than 10% equity interests in our project companies and were granted the rights to appoint a certain number of directors to the relevant boards and were entitled to a veto right to certain material matters relating to the relevant project companies. See “Finance Information — Indebtedness — Bank and Other Borrowings — Trust Financing” for details.

We face various financial risks. In particular, we are exposed to interest rate, credit and liquidity risks that arise in the ordinary course of our business. Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risks. We manage our interest costs using variable rate bank borrowings and other borrowings. We divide financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet our operation needs and commitments in respect of property projects. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. See “Financial Information — Quantitative and Qualitative Analysis about Market Risk” for details.

Going forward, we plan to adopt the following strategies to improve our performance in relation to financing related ratios, such as liability asset ratio, net gearing ratio and cash to short-term borrowing ratio: (i) increasing our working capital by increasing our profit from our business operations; (ii) increasing our equity through Global Offering; (iii) introducing minority shareholders to increase the size of our total equity, (iv) collaborating with third-party financial institutions to enter into long-term financing arrangements instead of short-term financing arrangements; (v) strictly monitoring our use of cash during business operations to control costs; and (vi) enhancing our collection efforts to improve cash flows.

SUMMARY

Key Financial Ratios

	As of/for the year ended December 31,			As of/for the four months ended April 30, 2020
	2017	2018	2019	
Current ratio (times)	1.2	1.1	1.2	1.1
Interest coverage ratio (times)	N/A	0.3	1.4	0.8
Net gearing ratio (times)	13.8	7.4	3.6	4.3
Gearing ratio (times)	17.7	10.1	4.8	5.7
Return on total assets (%)	N/A	0.4	2.5	1.3
Return on equity (%)	N/A	16.6	50.1	40.3

Net gearing ratio was 13.8 times, 7.4 times, 3.6 times and 4.3 times, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020. Our net gearing ratio was calculated based on total bank and other borrowings, ABS (which were fully repaid by April 30, 2020) and senior notes less cash and bank balances divided by total equity as of the respective dates. Our gearing ratio was 17.7 times, 10.1 times, 4.8 times and 5.7 times, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020. Our gearing ratio was calculated based on total borrowings divided by total equity. Total borrowings consist of interest-bearing bank and other borrowings, ABS and senior notes as of the respective dates. The general decrease in the net gearing ratio and the gearing ratio during the Track Record Period was primarily attributable to an increase in total equity as a result of the improvement in our profitability. Our net gearing ratio and the gearing ratio during the Track Record Period were high, due to our relatively large amount of borrowings and our relatively small total equity resulting from previously accumulated losses.

In 2018 and the four months ended April 30, 2020, our interest coverage ratio was 0.3 and 0.8, respectively, which was less than one, primarily due to the significant balance of bank and other borrowings and senior notes as of December 31, 2018 and April 30, 2020, which may lead to certain risks in relation to our ability in repaying outstanding debt. See “Risk Factors — Risks Relating to Our Business — We have indebtedness and may incur additional indebtedness in the future, and may not be able to fully and timely repay our indebtedness.” We recorded accumulated losses of RMB1,023.3 million, RMB1,388.5 million and RMB1,158.8 million, respectively, as of January 1, 2017, 2018 and 2019, respectively. We recorded accumulated losses as of the relevant dates primarily because (i) we have accelerated our property development activities and geographical expansion since 2016; and (ii) we incurred a loss and total comprehensive loss of RMB300.1 million in 2017. We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our “1+1+X” expansion strategy has led to significant growth in our business as well as significant increases in operating expenses. We incurred significant operating expenses (mainly including staff cost, marketing expenses and administrative expenses since 2016) at the earlier stage of increasing market share and ranking of the property development business, while the total

SUMMARY

recognized GFA as well as the recognized ASP were relatively low during the same periods. In addition, we recorded a provision for impairment loss of approximately RMB648.0 million for Nanping Shinsun Yijing Flower City (南平祥生藝境花城), a project located in Nanping city, Fujian Province, as of January 1, 2017, primarily because the development cost per unit that we had incurred and expected to incur for this property project was higher than the ASP for the units that had been pre-sold or were expected to be pre-sold. See “Risk Factors — Risks Relating to Our Business — Impairment losses for properties under development and completed properties held for sale may adversely affect our financial position,” and “Financial Information — Description of Certain Combined Statements of Financial Position Items — Properties under Development.”

We have made continuous efforts to improve our financial performance and profitability as a result of the implementation of our “1+1+X” business strategy. By leveraging our competitive strengths as set out in “Business — Competitive Strengths,” we have expanded our business scale. In particular, we have recorded significant growth in net profit which amounted to RMB427.9 million, RMB3,209.0 million and RMB600.3 million, respectively, in 2018, 2019 and the four months ended April 30, 2020. As of December 31, 2019, we no longer recorded any accumulated losses after accumulation of earnings. As of December 31, 2019 and April 30, 2020, we recorded retained profits of RMB897.4 million and RMB1,479.5 million, respectively. We do not expect the accumulated losses recorded as of January 1, 2017, 2018 and 2019 to materially and adversely impact our operations and financial performance after the Listing, and we expect our net gearing ratio and gearing ratio will continue to decrease as we improve our financial position, results of operations and increase our total equity as a result of this Listing.

Financial Ratios under the Proposed PBOC Standard

Recently, news articles on the PBOC’s plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers began to emerge. The proposed standard stipulates that (i) for property developers which comply with all the three limits reported in certain news articles, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the three limits reported in certain news articles, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the three limits reported in certain news articles, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for those property developers which fail to comply with any of the three limits reported in certain news articles, their size of interest-bearing liabilities shall not increase at all. As such, in the event that the above-mentioned standard mentioned in the news articles comes into effect, we would have no headroom and would be required to ensure the size of our interest-bearing debts no longer increases.

As of April 30, 2020, our pro forma liability asset ratio, calculated as total liabilities less contract liabilities divided by total assets less contract liabilities, was 90%; net gearing ratio, calculated as total interest-bearing liabilities less cash and bank balances divided by total

SUMMARY

equity, was 426%; and cash to short-term borrowing ratio, calculated as cash and bank balances divided by short-term interest bearing liabilities, was 0.5. For details, please refer to “Financial Information — Summary of Key Financial Ratios — Financial Ratios under the Proposed PBOC Standard.”

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 600,000,000 Shares are issued in the Global Offering, (ii) the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which have been or may be granted under the Share Option Scheme, and (iii) 3,000,000,000 Shares are issued and outstanding upon completion of the Global Offering. We are applying for listing on the Main Board on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2019, being approximately RMB35.5 billion, is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, based on the low end of the indicative Offer Price range, exceeds HK\$4,000 million.

	Based on an Offer Price of HK\$4.80 per Offer Share	Based on an Offer Price of HK\$6.20 per Offer Share
Market capitalization of our Shares	HK\$14,400 million	HK\$18,600 million
Unaudited pro forma adjusted net tangible asset value per Share ⁽¹⁾	HK\$2.57	HK\$2.84

Note:

- (1) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to “Unaudited Pro Forma Financial Information” in Appendix II to this Prospectus.

DIVIDEND

Our Company did not declare or pay any dividends during the Track Record Period. Our subsidiaries declared dividends of RMB147.1 million, RMB19.6 million, RMB206.6 million and RMB83.2 million, respectively, to non-controlling shareholders in 2017, 2018, 2019 and the four months ended April 30, 2020. During the same periods, dividends paid to non-controlling shareholders was RMB62.7 million, RMB19.6 million, RMB31.7 million and RMB83.2 million, respectively. The RMB84.4 million difference between dividends declared and paid in 2017 was used to offset amounts due from non-controlling shareholders of a subsidiary. The RMB174.9 million difference in 2019 was primarily because in 2019 after dividends from three former subsidiaries to their non-controlling shareholders were declared but before they were paid, we disposed of these three former subsidiaries to an Independent Third Party. As such, as of April 30, 2020, the amount of dividends payable by our subsidiaries to non-controlling shareholders was nil. Declaration and payment dividends, if any, will be at

SUMMARY

the sole discretion of our Board of Directors and will also depend on various factors that our Board of Directors deem relevant. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and the relevant laws. We currently do not have any dividend policy or any pre-determined dividend ratio. 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. See “Financial Information — Dividend and Distributable Reserves.”

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$3,117.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme and assuming an Offer Price of HK\$5.50 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60%, or approximately HK\$1,870.2 million, will be used to finance the development of our property projects;
- approximately 30%, or approximately HK\$935.1 million, will be used to repay a portion of our existing trust loans which are used for our project development purposes; and
- approximately 10%, or approximately HK\$311.7 million, will be used for general business operations and working capital.

See “Future Plans and Use of Proceeds” of this Prospectus.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB158.0 million (representing 5.5% of gross proceeds from the Global Offering, based on the midpoint of the indicative Offer Price range) of which (i) approximately RMB12.5 million was charged to our administrative expenses for the four months ended April 30, 2020; (ii) approximately RMB32.3 million will be charged to our combined statements of profit or loss and other comprehensive income for eight months ending December 31, 2020; and (iii) approximately RMB113.2 million is expected to be accounted for as a deduction from equity upon Listing. The

SUMMARY

professional fees and/or other expenses related to the preparation of the Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect such listing expenses to have a material adverse impact on our financial performance for the year ending December 31, 2020.

COMPETITION

The PRC real estate industry is highly fragmented and competitive while the concentration ratio continues to increase. As a real estate developer in China, we primarily compete with other Chinese real estate developers focusing on the development of residential properties in the PRC, in particular, real estate developers in Zhejiang Province and the Pan-Yangtze River Delta Region, where we operate. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. In recent years, an increasing number of property developers have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. However we believe that with our solid experience in real estate development, our reputable brand name and our experienced management team, we are able to respond promptly and effectively to challenges in the PRC property market. See “Industry Overview” and “Business — Competition” for more details on our competitive landscape.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

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

The aggregate contracted sales of our subsidiaries amounted to approximately RMB3.1 billion in August 2020. Our contracted sales for each month may vary significantly depending on the number of property projects that conduct property sales in the relevant month. We recorded a relatively higher contracted sales in May 2020 compared to June, July and August 2020, primarily due to property sales scheduled during these months. In particular, the higher contracted sales in May 2020 was primarily because (i) we had 112 property projects that conducted property sales in May 2020, as compared to 80, 92 and 84, respectively, in June, July and August 2020; (ii) the corresponding GFA in relation to the contracted sales in May 2020 was approximately 320,000 sq.m., compared to approximately 192,000 sq.m., 256,000 sq.m. and 219,000 sq.m., respectively, in June, July and August 2020; and (iii) three property projects with relatively high selling prices commenced pre-sales in May 2020, namely Hangzhou Shinsun Guangheying Apartment (杭州祥生光合映公寓), Hangzhou Shinsun Cloud (杭州祥生雲境名邸) and Wenzhou Shinsun Hongyang Garden (溫州祥生弘陽望園). The reason for the higher contracted sales in May 2020 was primarily driven by our own sales and pre-sales schedule instead of the overall market condition or industry trends, and we may decide to begin sales in a particular month when the market works in our favor.

SUMMARY

Since August 1, 2020 and up to August 31, 2020, we had won tenders for three parcels of land with a total site area of approximately 259,069 sq.m. at an aggregate consideration of approximately RMB1.4 billion, which were and will be funded by internally generated funds and borrowings. The average land cost of these three parcels of land was RMB7,040 per sq.m. We had entered into land grant contracts with the relevant government authorities with respect to these land parcels. These land parcels are located in Ji'nan and Hefei. As of August 31, 2020, we had not obtained the land use rights certificates for these land parcels.

We continuously look for diversified financing opportunities to support our business. On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited issued US\$300.0 million aggregate principal amount of 12.5% senior notes due 2022, or the 2022 Notes. The 2022 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2022 Notes are unsecured. On July 31, 2020, Xiang Sheng Overseas Limited, a wholly-owned subsidiary of Shinsun Property, issued US\$200.0 million in aggregate principal amount of 11.0% senior notes due in 2021, or the 2021 Notes. The 2021 Notes bear interest at the rate of 11.0% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2021 Notes are unsecured. Investors who subscribed to the 2022 Notes and the 2021 Notes were primarily professional investors, financial institutions, other corporations and affluent individuals, and to the best knowledge of our Directors, are all Independent Third Parties. See “Financial Information — Indebtedness — Senior Notes.”

Since April 30, 2020 and up to August 31, 2020, we entered into six loan agreements for borrowings with a total principal amount of RMB4,210.0 million. The interest rates of these six loan agreements range from 3.70% to 7.00% per annum. During the same period, we entered into 28 trust financing arrangements for facilities with an aggregate principal amount of approximately RMB12,166.5 million. The interest rates of these trust financing agreements range from 7.90% to 15.40% per annum.

We expect to experience a decrease in gross profit margin in the year ending December 31, 2020 as compared to that in 2019, primarily due to an expected decrease in our gross profit margin for property development and sales, which in turn is mainly caused by (i) the geographical differences in delivered properties in 2020 as compared to 2019; and (ii) the increase in average cost per sq.m. delivered will outpace the increases in our recognized ASP per sq.m. in 2020.

COVID-19 Outbreak

Toward the end of 2019, a highly infectious novel coronavirus was reported. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. Pursuant to JLL, the PRC real estate market is under pressure in the short term as the COVID-19 pandemic has curbed demand and pre-sales, although there are signs that the impact is starting to ease in the PRC. We expect the COVID-19 pandemic to have limited adverse impact on our operations. We expect to experience an approximately one- to three-month delay

SUMMARY

in property delivery for two projects under development, which are located in Hubei Province, and an approximately one- to two-month delay in property delivery for 11 projects outside Hubei Province as a result of the COVID-19 pandemic. Taking into account that (i) the above-mentioned 13 projects accounted for approximately 6.3% of our property portfolio in terms of number of projects as of July 31, 2020, and the aggregate GFA involved in the delays in property delivery accounted for approximately 6.4% of our land bank as of July 31, 2020; and (ii) the expected delays in property delivery of the above-mentioned 13 projects were within reasonable periods considering the effect of the COVID-19 pandemic; according to the relevant provincial or municipal guiding opinions related to the COVID-19 pandemic, we would not be subject to penalties from government authorities or damages from property purchasers as long as we notify the purchasers in a timely manner, pursuant to force majeure provisions in the property sales or pre-sales contracts, we do not expect these delays in property delivery to be material, nor do we expect the COVID-19 pandemic to have a material adverse impact on our property development business for the year ending December 31, 2020.

Most of our commercial properties temporarily suspended operations pursuant to local governments' regulations and measures to combat the COVID-19 pandemic, and had resumed normal operations as of the Latest Practicable Date. We implemented rent exemption measures for most of our commercial properties during such operation suspension period. However, we do not expect the COVID-19 pandemic to have a material adverse impact on our property leasing business for the year ending December 31, 2020, because (i) the total amount of rent waived was only approximately RMB3.6 million, representing approximately two-month rent for certain properties; and (ii) our tenants have not been in material default on their rent payments. In addition, we have complied with the relevant regulations and measures implemented by the PRC government and have incurred an aggregate cost of approximately RMB1.4 million in relation to the COVID-19 pandemic mainly to purchase pandemic prevention materials as of the Latest Practicable Date. For a breakdown of our total number projects on hand by estimated completion date and the GFA expected to be completed for 2020, 2021, 2022 and 2023 and onward, see “Business — Effects of the COVID-19 Pandemic — COVID-19 Pandemic — Effects of the COVID-19 Pandemic on Our Business Operations — Property Development and Sales” of this Prospectus.

As the COVID-19 pandemic continues to spread globally, China's economy may, as a result, be adversely affected though the COVID-19 pandemic has been effectively controlled in China. In the very unlikely event that we are forced to reduce or suspend a substantial part of our business operations due to the COVID-19 pandemic, we estimate that our existing financing resources (including cash and bank balances) as of July 31, 2020 and the 10% of the proceeds from the Global Offering allocated for general business operations and working capital, and based on the following assumptions, our Group will remain financially viable from August 31, 2020 for at least 12 months. Key assumptions for the above estimates include: (i) the development of all of our property projects were suspended in the forecast period and only the proceeds from pre-sales and sales of properties as of August 31, 2020 can be recovered during the period between August 31, 2020 and September 30, 2021. Accordingly, the corresponding tax payments shall also be reduced; (ii) our payables and borrowings will continue to be settled when they become due; (iii) our selling and distribution expenses and

SUMMARY

administrative expenses are expected to reduce by approximately 75% considering that no pre-sale proceeds would be received and the corresponding expenses would be deducted based on historical patterns and experience; (iv) while no additional external financing will be provided during the forecast period. Interest paid would be adjusted; (v) there will be no additional purchase of property, plant and equipment from August 31, 2020 for at least 12 months; (vi) proceeds of approximately HK\$311.7 million, being 10% of the proceeds from Global Offering for general working capital purpose, is expected to be received in November 2020 upon the Listing; (vii) the expansion plan is suspended; and (viii) there will be no material changes in the near future that would significantly affect the above-mentioned key assumptions.

The above-mentioned analysis is for illustrative purpose only and our Directors currently assess that the likelihood of such situation is remote. The actual impact from the COVID-19 pandemic will depend on its subsequent development; and its impact on our Group may be out of our control and beyond our estimate and assessment.

Our Controlling Shareholder, Shinlight Limited, has settled the subscription price of US\$200 million for the allotted shares of our Company issued to it by August 6, 2020 and such subscription price was settled by it using funds financed by it from Hong Yuan International Holdings Limited (弘源國際控股有限公司) (“**Hong Yuan**”), a company incorporated in Hong Kong and wholly-owned by Ms. Zhu Guoling, the spouse of Mr. Chen. Hong Yuan funded the subscription price of US\$200 million through a financing from our Group, which was obtained from the proceeds from the issuance of U.S. denominated bonds by an offshore entity within our Group. Hong Yuan subsequently repaid such financing partially using the fund in the amount of approximately US\$132.7 million which Hong Yuan received from the acquisition of equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) and Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司) as part of the Reorganization. See “History, Reorganization and Corporate Structure — Reorganization — Acquisition of PRC companies” for details. It will repay the remaining amount of approximately US\$67.3 million before Listing through external financing from independent financial institutions.

Our Directors confirmed that, since April 30, 2020, the latest date of our financial statements and up to the date of this Prospectus, there has been no material adverse change in our financial or trading position.

LEGAL PROCEEDINGS

From time to time, we may be subject to claims and legal actions arising in the ordinary course of our business. Our Directors have confirmed that, as of the Latest Practicable Date, there was no legal proceeding pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. As of the Latest Practicable Date, we were involved in three material pending litigations against us as disclosed in “Business — Legal Proceedings and Compliance — Legal Proceedings” of this Prospectus.

SUMMARY

NON-COMPLIANCE MATTERS

During the Track Record Period, we experienced certain other non-compliance incidents, including (i) construction related incidents; (ii) inappropriate advertising, pricing and marketing; (iii) social insurance and housing provident fund incidents; and (iv) tax related incidents. As of the Latest Practicable Date, we had settled the aggregate penalties of RMB43.2 million in full and taken various rectification measures, where applicable, including establishing internal control policies, to strengthen our internal control on ongoing compliance with applicable laws and regulations. Based on the confirmation letters issued by the relevant competent regulatory authorities or according to the relevant PRC laws and regulations, our PRC Legal Advisors are of the view that, these non-compliance incidents are immaterial or have been rectified, and the risk that we would be subject to further administrative penalties by relevant authorities is low. Our Directors are of the view that none of such non-compliance incidents will have a material adverse impact on us. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations” of this Prospectus.

Pre-sale Proceeds Incidents

During the Track Record Period, we had the following incidents related to pre-sale proceeds, or the Pre-sale Proceeds Incidents.

- *Deposits of Pre-sale Proceeds into the Designated Escrow Funds.* In 2017, 2018 and 2019 and the four months ended April 30, 2020, 47, 75, 87 and 92 of our project companies did not directly and/or fully deposit pre-sale proceeds into the designated escrow accounts in accordance with the relevant regulatory requirements with respect to 52, 79, 92 and 96 projects, respectively. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the total amount of pre-sale proceeds we received and were required to deposit into designated escrow accounts was approximately RMB28,762.9 million, RMB45,391.6 million, RMB38,125.9 million and RMB10,425.0 million, respectively. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of pre-sale proceeds that we deposited into designated escrow accounts was approximately RMB20,251.6 million, RMB31,717.8 million, RMB27,780.8 million and RMB7,639.6 million, respectively, accounting for approximately 70.4%, 69.9%, 72.9% and 73.3%, respectively, of the pre-sale proceeds that were required to be deposited into designated escrow accounts in the same periods.
- *Balance Requirements of the Designated Escrow Accounts.* As of December 31, 2017, 2018 and 2019 and April 30, 2020, 29, 42, 22 and 17 project companies, respectively, did not maintain sufficient cash balances in the designated escrow accounts above the required regulatory thresholds in compliance with the relevant local regulations and policies with respect to 30, 42, 24 and 18 projects, respectively, resulting in a shortfall of approximately RMB1,724.8 million, RMB1,904.4 million, RMB579.0 million and RMB412.4 million, respectively, as of the same dates, which accounted for approximately 45.6%, 38.3%, 19.3% and 14.6%, respectively, of the cash balance required in the designated escrow accounts.

SUMMARY

- *Our compliance.* With respect to our property projects that were under construction and/or started pre-sales as of April 30, 2020, we had obtained confirmations from or conducted interviews with, the competent local governmental authorities, which confirmed that we had complied with the relevant regulations in relation to pre-sale proceeds or we would not be penalized for violating the relevant regulations in relation to pre-sale as the Pre-sale Proceeds Incidents with respect to the relevant projects are not material non-compliances. In addition, we have taken rectification actions with respect to the relevant Pre-sale Proceeds Incidents to the extent feasible. We have also adopted various internal control measures to ensure that the proceeds derived from our pre-sales of properties will be used for the construction of the relevant projects in accordance with the relevant laws and regulations. As of May 31, 2020, we had made up all of the shortfalls in the designated escrow accounts recorded as of December 31, 2019. With respect to the shortfall in the designated escrow recorded as of April 30, 2020, we have made up in full as of August 31, 2020. The pre-sale proceeds that we received since May 2020 have been fully deposited into the relevant designated escrow account.

Taking into account (i) the main purpose of the pre-sale laws and regulations; (ii) that we had not been subject to any administrative penalties in relation to pre-sale proceeds; (iii) confirmations we had received or interviews conducted with competent local authorities confirming our compliance with the relevant PRC law and regulations; and (iv) our PRC Legal Advisors' views that the risk of us being penalized by the relevant governmental authorities relating to Pre-sale Proceeds Incidents is low, our Directors are of the view, and the Joint Sponsors concur, that the Pre-sale Proceeds Incidents would not have a material operational or financial impact on us. For details, see "Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations" of this Prospectus.

RISK FACTORS

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

Some of the risks generally associated with our business and industry include the following: (i) our business and prospects are susceptible to adverse movements in the PRC real estate market, particularly in provinces and cities where we have property projects; (ii) we generated a majority of our revenue from property development and sales in Zhejiang Province during the Track Record Period, and we are susceptible to any significant decline in the economic condition of Zhejiang Province; (iii) we may not have adequate financing to fund our future property development, and capital resources may not be available on favorable terms, or at all; and (iv) we may not be able to identify desirable locations or acquire land use rights for future property development on favorable terms, or at all.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this Prospectus and, in particular, should evaluate the specific risks set forth in "Risk Factors" of this Prospectus in deciding whether to invest in our Shares.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following words and expressions have the following meanings. Certain technical terms are explained in “Glossary” of this Prospectus.

“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them which is (are) in relation to the Hong Kong Public Offering
“Application Lists”	the application lists for the Hong Kong Public Offering
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company, conditionally adopted on October 20, 2020 and which will come into effect upon Listing, a summary of which is set out in “Appendix IV — Summary of the Constitution of our Company and Cayman Islands Companies Law” of this Prospectus, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Capitalization Issue”	the issue of 2,399,999,000 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in “Appendix V — Statutory and General Information — A. Further Information about our Company — 4. Written Resolutions of our Shareholders passed on October 20, 2020” of this Prospectus
“Cayman Islands Companies Law” or “Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

DEFINITIONS

“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or 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 Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, but for the purpose of this Prospectus and for geographical reference only and except where the context requires, references in this Prospectus to “China” or the “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Circular 37”	Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Co-Lead Managers”	Head & Shoulders Securities Limited and I Win Securities Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司), an exempted company incorporated in the Cayman Islands with limited liability on December 13, 2019
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Chen and Shinlight Limited
“CRIC”	China Real Estate Information Corp. (中國房產信息集團)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
“Deed of Indemnity”	the deed of indemnity dated October 26, 2020 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), see “Appendix V — Statutory and General Information — E. Other Information — 1. Tax and Other Indemnities” of this Prospectus for details
“Director(s)”	director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 by the NPC

DEFINITIONS

“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Family Trust”	CGX Family Trust, being a discretionary trust established on March 23, 2020 by Mr. Chen as the settlor, with TMF (Cayman) Ltd. as the trustee
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Golden Stone”	Golden Stone Development Limited, a company incorporated in the BVI with limited liability on January 9, 2020 and wholly owned by the Pre-IPO Investor
“Golden Stone HK”	Golden Stone Hong Kong Limited, a company incorporated in Hong Kong with limited liability on February 27, 2020 and an indirect wholly-owned subsidiary of our Company
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group,” “our Group,” “we,” “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong Offer Shares”	the 60,000,000 Offer Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering” of this Prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on and subject to the terms and conditions described in this Prospectus and the Application Forms, as further described in “Structure of the Global Offering” of this Prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters” of this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 29, 2020 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Joint Representatives and the Hong Kong Underwriters, as further described in “Underwriting — Underwriting Agreements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement” of this Prospectus
“IAS”	the International Accounting Standards
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our Connected persons
“Internal Control Consultant”	SHINEWING Risk Services Limited, the internal control consultant engaged by us, which is an Independent Third Party

DEFINITIONS

“International Offer Shares”	the 540,000,000 Shares initially being offered by our Company for subscription at the Offer Price pursuant to the International Offering, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in “Structure of the Global Offering” of this Prospectus
“International Offering”	the offer of the International Offer Shares by the International Underwriters with institutional and professional investors outside the United States in offshore transactions in reliance on Regulation S, as further described in “Structure of the Global Offering” of this Prospectus
“International Underwriters”	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, our Controlling Shareholders, the Joint Representatives and the International Underwriters on or about the Price Determination Date, as further described in “Underwriting — International Offering — International Underwriting Agreement” of this Prospectus
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer and independent industry consultant
“Joint Bookrunners”	CCB International Capital Limited and ABCI Capital Limited, BOCOM International Securities Limited, CLSA Limited, CMB International Capital Limited, CRIC Securities Company Limited, Emperio Securities And Assets Management Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Shenwan Hongyuan Securities (H.K.) Limited, Valuable Capital Limited and Yue Xiu Securities Company Limited
“Joint Global Coordinators”	CCB International Capital Limited and ABCI Capital Limited

DEFINITIONS

“Joint Lead Managers”	CCB International Capital Limited and ABCI Securities Company Limited, BOCOM International Securities Limited, CLSA Limited, CMB International Capital Limited, CRIC Securities Company Limited, Emperio Securities And Assets Management Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Shenwan Hongyuan Securities (H.K.) Limited, Valuable Capital Limited, Yue Xiu Securities Company Limited, China Galaxy International Securities (Hong Kong) Co., Ltd., HTF Securities Limited and Soochow Securities International Brokerage Limited
“Joint Representatives”	CCB International Capital Limited and ABCI Capital Limited
“Joint Sponsors”	CCB International Capital Limited and ABCI Capital Limited
“Latest Practicable Date”	October 20, 2020, being the latest practicable date for the purpose of ascertaining certain information in this Prospectus prior to its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), the MOFCOM, the SAT, the SAIC, the CSRC and the SAFE on August 8, 2006 and re-issued by the MOFCOM on June 22, 2009
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on October 20, 2020 and which will come into effect upon Listing, a summary of which is set out in “Appendix IV — Summary of the Constitution of our Company and Cayman Islands Companies Law” of this Prospectus, as amended from time to time
“Ministry of Land and Resources”	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD” or “Ministry of Construction”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
“Mr. Chen”	Mr. Chen Guoxiang (陳國祥), one of our Controlling Shareholders, our executive Director and chairman of our Board
“National Bureau of Statistics”	the National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
“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 price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1% SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed and to be confirmed in a manner described in “Structure of the Global Offering” of this Prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) under the International Underwriting Agreement to require our Company to issue and allot up to 90,000,000 additional Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover over-allocation of the International Offering, if any, as further described in “Structure of the Global Offering” of this Prospectus
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PBOC Benchmark Rate”	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day’s PRC inter-bank foreign exchange rates and with reference to prevailing exchange rates on the world financial markets
“PRC Company Law”	the PRC Company Law (《中華人民共和國公司法》)
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
“PRC Legal Advisors”	Commerce & Finance Law Offices, legal advisors to our Company on PRC laws in connection with the Global Offering
“Pre-IPO Investor”	Mr. Shou Bainian (壽柏年), whose background is set out in “History, Reorganization and Corporate Structure — Pre-IPO Investment — Information regarding the Pre-IPO Investor” in this Prospectus
“Price Determination Date”	the date, expected to be on or around November 11, 2020 but no later than November 13, 2020, on which the Offer Price is to be determined by our Company and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) for the purpose of the Global Offering
“Principal Share Registrar”	Conyers Trust Company (Cayman) Limited

DEFINITIONS

“Prospectus”	this prospectus issued in connection with the Hong Kong Public Offering
“Province” or “province”	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the reorganization of our Group in preparation of the Listing as described in “History, Reorganization and Corporate Structure — Reorganization” of this Prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local counterparts, which was merged into the State Administration of Market Regulation (中國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the NPC
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Shanghai Jubo”	Shanghai Jubo Real Estate Development Co., Ltd. (上海聚博房地產開發有限公司), a company established in the PRC with limited liability on August 5, 2004 and an indirect non-wholly owned subsidiary of our Company which is directly owned as to approximately 81.2% by Shinsun Property, approximately 17.5% by Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司), an Independent Third Party, and approximately 1.3% by Huabao Trust Co., Ltd. (華寶信託有限責任公司), an Independent Third Party
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on the Main Board
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on October 20, 2020, the principal terms and conditions of which are set forth in “Appendix V — Statutory and General Information — D. Share Option Scheme” of this Prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Shinfamily Holdings”	Shinfamily Holdings Limited, a company incorporated in the BVI with limited liability on January 21, 2020 and the holding vehicle of the Family Trust, which is in turn wholly owned by TMF (Cayman) Ltd., being the trustee for the Family Trust
“Shinlight Limited”	Shinlight Limited, a company incorporated in the BVI with limited liability on December 9, 2019 and wholly owned by Shinfamily Holdings, being one of our Controlling Shareholders
“Shinsun Haining”	Haining Shinsun Real Estate Development Co., Ltd. (海寧祥生房地產開發有限公司), a company established in the PRC with limited liability on April 18, 2016 and an indirect non-wholly owned subsidiary of our Company which is directly owned as to 60% by Shinsun Property and 40% by Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Haining)
“Shinsun Hong Kong”	Shinsun Hong Kong Limited, a company incorporated in Hong Kong with limited liability on February 24, 2020 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Shinsun Hongjing”	Shaoxing Shinsun Hongjing Real Estate Development Co., Ltd. (紹興祥生弘景房地產開發有限公司), a company established in the PRC with limited liability on February 14, 2017 and an indirect non-wholly owned subsidiary of our Company which is directly owned as to 60% by Shinsun Property, 20% by Zhuji Xiangyun Enterprise Management Consulting Co., Ltd. (諸暨市祥雲企業管理諮詢有限公司), an indirect wholly-owned subsidiary of our Company, and 20% by Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Hongjing and other subsidiaries of Shinsun Property)
“Shinsun International”	Shinsun International Holdings Limited, a company incorporated in the BVI with limited liability on January 2, 2020 and a direct wholly-owned subsidiary of our Company
“Shinsun Plaza Trading”	Zhejiang Shinsun Plaza Trading Co., Ltd. (浙江祥生廣場商貿有限公司), a company established in the PRC with limited liability on May 26, 2006 and an indirect wholly-owned subsidiary of our Company
“Shinsun Property”	Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) (formerly known as Zhuji Shinsun Real Estate Development Co., Ltd. (諸暨市祥生房地產開發有限公司) between January 1999 and January 2003 and Zhejiang Shinsun Real Estate Development Co., Ltd. (浙江祥生房地產開發有限公司) between January 2003 and February 2018), a company established in the PRC with limited liability on January 4, 1995 and an indirect wholly-owned subsidiary of our Company
“Shinsun Xiangrui”	Zhuji Shinsun Xiangrui Real Estate Co., Ltd. (諸暨祥生祥瑞置業有限公司), a company established in the PRC with limited liability on December 15, 2016 and an indirect wholly-owned subsidiary of our Company
“Shinsun Xinhe”	Zhuji Shinsun Xinhe Real Estate Co., Ltd. (諸暨祥生新合置業有限公司), a company established in the PRC with limited liability on July 24, 2013 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Shinsun Yijing”	Zhuji Shinsun Yijing Real Estate Co., Ltd. (諸暨祥生宜景置業有限公司), a company established in the PRC with limited liability on February 6, 2017 and an indirect wholly-owned subsidiary of our Company
“Shinsun Zhoushan”	Zhoushan Shinsun Real Estate Co., Ltd. (舟山祥生置業有限公司), a company established in the PRC with limited liability on December 10, 2015 and an indirect wholly-owned subsidiary of our Company which is directly owned as to 90% by Shinsun Property and 10% by Zhuji Xiangpeng Enterprise Management Co., Ltd. (諸暨市祥鵬企業管理有限公司), a direct wholly-owned subsidiary of Shinsun Property
“Silver Rock”	SilverRock Group Holdings Limited, a company incorporated in the BVI with limited liability on February 6, 2020 and a direct wholly-owned subsidiary of our Company
“Stabilizing Manager”	CCB International Capital 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 that may be entered into between the Stabilizing Manager (or its affiliates or any person acting for it) and Shinlight Limited on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Taixing Xiangrui”	Taixing Xiangrui Real Estate Co., Ltd. (泰興市祥瑞置業有限公司), a company established in the PRC with limited liability on January 22, 2015 and an indirect non-wholly owned subsidiary of our Company which is directly owned as to 70% by Shinsun Property and 30% by Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司), a company which is owned as to 50% by Mr. Zhao Hongwei (趙紅衛), a director of Shinsun Property, and 50% by Ms. Chen Huiping (陳慧萍), the spouse of Mr. Zhao Hongwei

DEFINITIONS

“Track Record Period”	the period comprising the three financial years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States,” “USA” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$,” “USD” or “\$”	U.S. dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“VAT”	the PRC value-added tax
“ WHITE Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name
“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xiang Sheng Holding Limited”	Xiang Sheng Holding Limited, a company incorporated in the BVI with limited liability on February 28, 2018, and an indirect wholly-owned subsidiary of our Company
“Xiangshen Business Consulting”	Zhejiang Xiangshen Business Consulting Co., Ltd. (浙江祥紳商務諮詢有限公司), a company established in the PRC with limited liability on March 18, 2020 and an indirect wholly-owned subsidiary of our Company
“Xiangsheng Construction”	Zhejiang Xiangsheng Construction Co., Ltd. (浙江祥生建設工程有限公司), a company established in the PRC with limited liability on May 30, 1995 and wholly-owned by Xiangsheng Industrial

DEFINITIONS

“Xiangsheng Hotel Management”	Zhuji Xiangsheng Hotel Management Co., Ltd. (諸暨祥生酒店管理有限公司), a company established in the PRC with limited liability on January 19, 2020 and wholly owned by Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司) which is in turn wholly owned by Xiangsheng Industrial
“Xiangsheng Industrial”	Xiangsheng Industrial Group Co., Ltd. (祥生實業集團有限公司), a company established in the PRC with limited liability on July 7, 1995 and owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, the son of Mr. Chen, our executive Director, chief executive officer and president
“Xiangsheng Industrial Group”	Xiangsheng Industrial and its subsidiaries
“Xiangsheng Landscape”	Zhuji Xiangsheng Landscape Engineering Co., Ltd. (諸暨市祥生園林綠化工程有限公司), a company established on January 13, 2003 with limited liability and owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen
“Xiangsheng Property Management”	Zhejiang Xiangsheng Property Management Service Co., Ltd. (浙江祥生物業服務有限公司), a company established in the PRC with limited liability on December 6, 2000 and owned as to 98% by Xiangsheng Industrial and 2% by Ms. Zhu Guoling, the spouse of Mr. Chen
“Xiangsheng Property Management Group”	Xiangsheng Property Management and its subsidiaries
“YELLOW Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“Zhuji Xiangshen”	Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) (formerly known as Shanghai Xiangshen Industrial Co., Ltd. (上海祥紳實業有限公司)), a company established in the PRC with limited liability on June 30, 2017 and owned as to 99% by Mr. Chen and 1% by Zhuji Zhuoqun Partnership

DEFINITIONS

“Zhuji Zhuoqun Partnership”	Zhuji Zhuoqun Enterprise Management Consulting Partnership (Limited Partnership) (諸暨卓群企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on November 28, 2019 owned as to 99% by Mr. Chen, being the general partner, and 1% by Mr. Chen Guanqun (陳冠群), being the limited partner and the nephew of Mr. Chen
“Zhuji Zhuojie”	Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司), a company established in the PRC with limited liability on December 27, 2019 and an indirect wholly-owned subsidiary of our Company

Unless the content otherwise requires, reference to “2017”, “2018” and “2019” in this Prospectus refer to our financial year ended December 31 of such year.

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

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

GLOSSARY

This glossary of technical terms contains terms used in this Prospectus in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

“ABS”	asset-backed securities
“ASP”	average selling price
“building ownership certificate”	building ownership certificate (房屋所有權證), a certificate issued by relevant authorities with respect to building ownership rights
“CAGR”	compound annual growth rate
“commercial property(ies)”	for purposes of this Prospectus, property(ies) designated for commercial use
“completion certificate”	the construction work completion inspection acceptance certificate (房屋建築工程竣工驗收備案表), issued by local urban construction bureaus or relevant authorities in China in connection with the completion of property projects
“construction land planning permit”	the construction land planning permit (建設用地規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction land
“construction work commencement permit”	the construction work commencement permit (建築工程施工許可證), issued by local construction bureaus or relevant authorities in China in connection with the commencement of construction work
“construction work planning permit”	the construction work planning permit (建設工程規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction work

GLOSSARY

“contracted sales”	for the purposes of this Prospectus, total contract value of properties sold or pre-sold but not yet delivered during a period, as determined in a formal sales contract signed by a property developer and a property purchaser and registered online; contracted sales in any given period is not equivalent to the revenue recognized in the same period and shall not be deemed as an indication for the revenue to be recognized in any future period; contracted sales data is unaudited and is based on internal information of our Group, which is for investors’ reference only
“first-tier cities”	cities categorized by the National Bureau of Statistics, being Beijing Municipality, Shanghai Municipality, Shenzhen and Guangzhou
“GDP”	gross domestic product
“GFA”	gross floor area
“Hangzhou Metropolitan Circle”	a geographical region in China covering Hangzhou, Shaoxing, Jiaxing, Quzhou and Huangshan for purposes of this Prospectus
“land grant contract”	the state-owned land use right grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities
“land use rights certificate”	the state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) concerning one’s right to use a parcel of land
“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例實施細則》)

GLOSSARY

“Pan-Yangtze River Delta Region”	a geographical region in China including Shanghai Municipality, Jiangsu Province, Shandong Province, Anhui Province and Jiangxi Province, but excluding Zhejiang Province for purposes of this Prospectus
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“pre-sales permit”	commodity property pre-sales permit (商品房預售許可證), a permit issued by local housing and building administrative bureaus or relevant authorities in China in connection with pre-sales of properties under construction
“residential property(ies)”	for purposes of this Prospectus, property(ies) designated for residential use
“second-tier cities”	major cities in China categorized by the National Statistics Bureau that are either provincial capitals, direct-controlled municipalities or sub-provincial cities, or the cities that have strong economic and business performance
“sq.m.”	square meter(s)
“third-tier cities”	cities that are not first- or second- tier cities, but are geographically close to provincial capitals, direct-controlled municipalities or within major metropolitan areas
“Yangtze River Delta Region”	a geographical region in China including Shanghai Municipality, Zhejiang Province and Jiangsu Province for purposes of this Prospectus
“%”	per cent

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “forecast,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;

FORWARD-LOOKING STATEMENTS

- certain statements in “Financial Information” with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this Prospectus that are not historical facts.

This Prospectus also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the property management industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this Prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in “Risk Factors.” You should read this Prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this Prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

RISK FACTORS

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

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

RISKS RELATING TO OUR BUSINESS

Our business and prospects are susceptible to adverse movements in the PRC real estate market, particularly in provinces and cities where we have property projects.

Our business and prospects depend on the performance of the PRC real estate market, particularly in provinces and cities where we have property projects. We principally develop and sell properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region. We also plan to strategically expand into other cities with high growth potential in China. As of July 31, 2020, we had a total of 205 property projects in various stages of development in the PRC, comprising 107 projects in Zhejiang Province, 72 projects in the Pan-Yangtze River Delta Region and 26 projects in other areas in China. Our financial performance is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and closely monitored by the PRC Government. Any adverse movements in the prices, supply of or demand for properties in the PRC, particularly in the provinces and cities where we have or plan to have property projects, may adversely affect our results of operations, financial condition and business prospects.

The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial crises, government policies, natural disasters, epidemics, pandemics and hostilities, among others. Although demand for residential and commercial properties in China grew rapidly in recent years, we cannot assure you that the real estate market in provinces and cities where we have undertaken, or will undertake, property projects will continue to grow or that market downturns will not occur. The PRC Government has sought to stabilize the real estate market by promulgating various control measures. Such measures may affect property price level, market demand and supply and our

RISK FACTORS

business performance. The property market in the PRC has shown signs of a slowdown since late 2017, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to boost demand. Any continuing adverse development and the ensuing decline in property sales or decrease in property prices in China may adversely affect our business, financial condition and results of operations.

We generated a majority of our revenue from property development and sales in Zhejiang Province during the Track Record Period, and we are susceptible to any significant decline in the economic condition of Zhejiang Province.

We generated a majority of our revenue from property development and sales in Zhejiang Province during the Track Record Period, and we expect to continue to derive a substantial portion of our revenue from this regional market. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our revenue from property development and sales accounted for approximately 98.0%, 99.0%, 99.6%, 98.7% and 99.6%, respectively, of our total revenue during the same periods. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, approximately 51.8%, 71.4%, 62.5%, 40.6% and 52.4%, respectively, of our revenue from property development and sales were derived from Zhejiang Province. As of July 31, 2020, we had a total land bank of 23,824,832 sq.m., of which 11,872,816 sq.m., or 49.8%, were located in Zhejiang Province. As we expect that our property projects located in Zhejiang Province will continue to contribute to the majority of our revenue from property development and sales in the near future, our business, financial condition and results of operations may be particularly susceptible to the market uncertainties, volatility and significant adverse change in the real estate market of Zhejiang Province. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified.

As long as a majority of our property projects remains substantially concentrated in Zhejiang Province, if Zhejiang Province in general experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemics, pandemics, hostilities or any other reason, or if more restrictive government policies on the real estate industry are imposed, or if the property market conditions of Zhejiang Province otherwise decline, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to obtain additional financing.

Our business operations are highly capital intensive and require a significant amount of liquidity. To that end, we maintained a substantial level of borrowings to finance our operations during the Track Record Period, and expect to incur additional indebtedness in the future to fund our expansion plans under our “1+1+X” strategy. However, we cannot guarantee that the PRC Government will not introduce new laws or regulations on certain financing related financial ratios, which could materially adversely affect our ability to incur additional indebtedness. For example, recent news articles have begun to emerge which report that the

RISK FACTORS

PBOC plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

As of April 30, 2020, using the above-mentioned calculation methods, our pro forma liability asset ratio would be 90%; net gearing ratio would be 426%; and cash to short-term borrowing ratio would be 0.5. As such, in the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and our ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects. In addition, if we were to be prohibited from increasing the aggregate size of interest-bearing liabilities, we may not be able to draw down on credit facilities before we repay existing debts, and may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects. As such, our business, financial condition and results of operations may be materially adversely affected.

We recorded substantial accumulated losses during the Track Record Period.

As of January 1, 2017, 2018 and 2019, we recorded accumulated losses of RMB1,023.3 million, RMB1,388.5 million and RMB1,158.8 million, respectively, which was primarily because we have accelerated our property development activities and geographical expansion since 2016 under our “1+1+X” strategies pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. See “Summary — Summary Key Financial Information — Key Financial Ratios” and “Financial Information — Summary of Key Financial Ratios — Net Gearing Ratio.” In 2017, we incurred loss and total comprehensive loss of RMB300.1 million, which led to the increase in our accumulated losses. We cannot guarantee that our retained profits as of April 30, 2020 will not turn into accumulated losses again, or that we will be able to turn any accumulated losses into retained profits in the future.

RISK FACTORS

We had negative net operating cash flows during the Track Record Period.

We had negative net cash flows from operating activities of RMB12,332.4 million, RMB509.4 million and RMB3,168.3 million in 2017 and 2018 and the four months ended April 30, 2020, respectively. In particular, our net cash flows used in operating activities in the four months ended April 30, 2020 was primarily due to (i) an increase in property under development and completed properties held for sale of RMB3,291.7 million in line with our increased property development activities; (ii) repayment of amounts due to related parties of RMB1,265.9 million as a result of our efforts to settle certain amounts due to related parties prior to Listing; and (iii) payments of interests of RMB1,003.6 million and taxes of RMB460.1 million, partially offset by (i) an increase in contract liabilities of RMB1,899.0 million due to increases in pre-sales; and (ii) an increase in trade and bills payable of RMB1,036.9 million due an increase in our business scale and in the amount of purchases of construction related materials and services. See “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis.” We cannot assure you that we will not experience negative net cash flows from our operating activities in the future. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may not have adequate financing to fund our future property development, and capital resources may not be available on favorable terms, or at all.

Property development is capital-intensive, with substantial capital investments during the land acquisition and property construction period. We fund our land acquisition and property construction primarily through proceeds from the pre-sales and sales of our properties and financing channels, including bank and other borrowings, ABS and senior notes. However, we cannot assure you that our capital resources will be sufficient, or that we will always be able to obtain additional external financing on favorable terms, or at all. Our ability to obtain external financing may be subject to factors beyond our control, including, among others, general economic conditions, changes to regulations, our financial performance and credit availability. In recent years, the PRC Government has taken a number of measures in the financial sector to further tighten lending requirements to property developers, which, among other things:

- prohibit PRC commercial banks from extending loans to property developers to finance land premiums;

RISK FACTORS

- prohibit PRC commercial banks from granting or extending revolving credit facilities to property developers that hold idle land;
- restrict PRC commercial banks from granting new property development loans to property developers that hold a large amount of vacant commodity properties;
- prohibit PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- prohibit PRC commercial banks and trust financing companies from granting loans to development projects that fail to meet capital ratio requirements or lack the required government permits and certificates;
- tighten the grant of trust financing to property developers to control the scale and growth of real estate financing; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

The PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from them. We cannot assure you that the PRC Government will not introduce additional measures that may restrict our access to capital resources and external financing. Failure to secure sufficient external financing on favorable terms, or at all, may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects, and, in turn, may materially and adversely affect our business, financial condition and results of operations.

In addition, 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 China in our business in the PRC. On May 23, 2007, the MOFCOM and the SAFE jointly promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》), which provides that foreign-invested real estate enterprises approved to be incorporated by the competent local authority shall promptly complete required filings with the MOFCOM. These regulations effectively restrict our ability to fund our PRC subsidiaries by way of shareholder loans. Pursuant to the Guidelines for Administration over Foreign Debt Registration (《外債登記管理操作指引》) promulgated by the SAFE on April 28, 2013 and effective from May 13, 2013 and amended on May 4, 2015, real estate enterprises with foreign investment approved by local MOFCOM branches and filed with the MOFCOM after (and including) June 1, 2007 are not allowed to register foreign debt contracts with the SAFE or its local branches in specified circumstances. According to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises (《國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通

RISK FACTORS

知) (發改辦外資[2019]778號)) promulgated by the NDRC that came into effect on July 9, 2019, foreign debt issued by real estate enterprises could only be used for repaying medium- and long-term offshore debt that will be due in the upcoming year.

Furthermore, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require registration or other procedures with various government authorities, 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. In addition, our PRC subsidiaries which are foreign-invested enterprises shall register with the foreign exchange authorities after established, and shall undergo modification registration in case of any subsequent capital modification, such as capital increase or decrease or equity transfer. We cannot assure you that we have completed or will complete in a timely manner all relevant necessary registration for all of our operating subsidiaries in the PRC to comply with this regulation. Moreover, we cannot assure you that the PRC Government will not introduce any new policies that further restrict our ability to deploy, or that prevent us from deploying, in China the funds raised outside China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner, or at all.

We may not be able to identify desirable locations or acquire land use rights for future property development on favorable terms, or at all.

We believe our ability to identify desirable locations and acquire suitable land use rights is key to the sustainable growth of our business. In particular, we have established a “Shinsun Town” (祥生小鎮) development model under which we cooperate with local governments to develop featured comprehensive real estate development projects with a mix of residential and commercial properties. Through such model, we are able to acquire sizeable quality land parcels in Zhejiang Province and the Pan-Yangtze River Delta Region at reasonable costs. We need to replenish our land reserves periodically in order to grow our business. However, our success in carrying out these business operations may be subject to factors beyond our control and we may not be able to apply “Shinsun Town” development model to all cities and provinces. The PRC Government may promulgate laws and regulations that effectively reduce the availability of new land suitable for development and hinder our ability to obtain land use rights, thereby intensifying competition between us and other property developers. Such government policies may materially and adversely affect our business and financial condition. Furthermore, the rapid development of the cities in which we operate or we plan to enter may result in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, we may not be able to acquire more land parcels under our “Shinsun Town” development model, and our cost for acquiring land use rights will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers.

RISK FACTORS

Moreover, there is no assurance that we will be able to consistently leverage our knowledge of and experience in the PRC real estate market to identify desirable locations for property development. We may incur significant costs in identifying, evaluating and acquiring suitable new land parcels for development. To the extent that we are unable to obtain land parcels on favorable terms, or at all, we may fail to grow our business and achieve expected returns, and consequently our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to effectively implement our “1+1+X” strategy in the future, which has been a key strategy to our rapid growth during the Track Record Period.

In 2016, we adopted a “1+1+X” expansion strategy where we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other regional cities with high economic growth potentials beyond this region. Our “1+1+X” expansion strategy has led to significant growth in our business during the Track Record Period. In order to continue to achieve sustainable growth, we plan to continue to seek development opportunities in select regions and cities in the PRC with high growth potential, both within and outside Zhejiang Province and the Pan-Yangtze River Delta Region, by following the “1+1+X” strategy. Expanding 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 the 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 labor, expertise and knowledge than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no assurance that we will be able to pass any additional costs onto our customers. Furthermore, the construction, market and tax-related regulations in our target cities may be different from each other, and we may face additional expenses or difficulties in complying with new procedural requirements and adapting to new environments. Certain cities may also subject us to higher land acquisition costs and longer acquisition time.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand. We may also have difficulty in promoting and maintaining high occupancy rates and/or rental rates in the investment properties that we may develop in these new markets after these properties are completed and commence operations.

In addition, expanding into new regions and cities 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, we may experience issues such as capital constraints, construction delays, and lack of skillful and qualified personnel. Moreover, expanding our geographical reach will divert management attention from our existing

RISK FACTORS

operations. There is no assurance that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Any of these issues could impede the implementation of our “1+1+X” strategy, and therefore lead to material adverse effects on our business, financial condition, results of operations and prospects.

Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery.

We generated substantially all of our revenue from property development and sales during the Track Record Period. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our revenue from property development and sales accounted for approximately 98.0%, 99.0%, 99.6%, 98.7% and 99.6%, respectively, of our total revenue during the same periods. Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery. We generally recognize revenue from sales of our properties when or as the control of the asset is transferred to the customer. There is a time difference between pre-sales of projects under development and the delivery of properties upon the completion of construction. Because the timing of delivery 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 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 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.

Fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses, such as land acquisition costs, development costs, administrative expenses, selling and marketing expenses, and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclicity of the PRC property market affects the optimal timing for land acquisition, development and the sales of properties. This cyclicity, together with the lead time required for the sales of properties and the delivery of projects, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, the development of our property 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 flows and results of operations.

We may be unsuccessful in implementing our business strategies.

We formulate our business strategies based on, among others, our judgment of market conditions and the regulatory environment. For example, we intend to focus on Zhejiang Province and other cities in the Pan-Yangtze River Delta Region where we have successfully

RISK FACTORS

established presence and plan to solidify our market positions by increasing our market shares in such areas. We also plan to strategically expand into other cities with high growth potential in China, such as Changsha and Xiamen. See “Business — Our Business Strategies.” However, we are subject to uncertainties in relation to implementing our business strategies and achieving the expected economic results. We may be hindered by factors beyond our control, such as competitive pressures from other members of our industry, lack of qualified and experienced personnel, natural disasters, difficulties in obtaining the required permits, licenses and certificates, delays in construction and logistical difficulties, among others. Failure to successfully implement our business strategies may weaken our competitiveness in the long term and materially and adversely affect our business, financial condition and results of operations.

Our sales contracts are subject to termination and variation under certain circumstances and are not a guarantee of our current or future contracted sales.

We have included information relating to our contracted sales in this Prospectus. Contracted sales refer to the sales price of formal sales contracts we entered into with purchasers of our properties. We compile contracted sales information through our internal records. As these sales contracts are subject to termination or variation under certain circumstances pursuant to their contractual terms or otherwise, or subject to default by the relevant purchasers, they are not a guarantee of current or future operating performance. Contracted sales information included in this Prospectus should in no event be treated as an indication of our revenue or financial performance. Contracted sales in any given period is not equivalent to the revenue recorded for such period and shall not be deemed as an indication for revenue to be recognized in any future period. We typically enter into pre-sale contracts with customers after satisfying pre-sale conditions under PRC laws and regulations while the properties are still under development. In general, pre-sales of properties under development take place before the completion of construction of such properties. We generally do not recognize any revenue from the pre-sales of the properties until such properties are delivered to the customers. Contracted sales data are unaudited and are based on our internal information. Our subsequent revenue recognized from such contracted sales may be materially different from contracted sales. See “— Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery.” Accordingly, contracted sales information contained in this Prospectus should not be unduly relied upon as a measure or indication of our current or future operating performance.

Our property sales may vary from period to period, and such fluctuations make it difficult to predict our future performance.

We rely on the cash flow generated from pre-sales and sales of our properties to fund our operations. Our contracted sales, however, may fluctuate from period to period due to a combination of various factors, including but not limited to general market conditions of the property market in China and in the cities we operate, national and local government and bank policies, the overall development schedules and sales plans of our projects, our mixture of geographic locations and product types, the launching of pre-sales in a particular period, and

RISK FACTORS

the timing and size of GFA approved by governmental authorities for our pre-sales. We cannot assure you that the GFA sold or pre-sold and selling prices of our properties, and, accordingly, the recognized GFA of our properties, respectively, will always increase in the future. Because the timing of delivery 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 of delivery of the properties we sell. Should our selling prices or recognized ASP decrease due to the mix in geographic locations and product types for a particular period in the future or for reasons beyond our control, our cash position and sales revenue will be materially adversely affected, which may adversely affect our ability to service our indebtedness as well.

In addition, there is no assurance that our selling prices or recognized ASP, as a whole, will always be consistent with the industry trends in the cities in which we operate. Although historically the fluctuations of the selling prices or recognized ASP for our residential and commercial properties were generally in line with the industry trend in the cities in which we operate, our selling prices or recognized ASP, as a whole, might deviate from the industry trends as a result of the changes in the mixture of property series and product types, the launching of sales and pre-sales in a particular period and the timing of the delivery of properties and, therefore, it may be difficult to evaluate our historical performance and to predict the future trends.

The total GFA of some of our property developments may be different from the original authorized area.

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. In addition, 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 urban planning approvals and 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. A developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (房屋建築工程竣工驗收備案表) 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. If issues related to excess GFA cause delays in the property delivery, we may also incur liability to purchasers under our sales contracts. 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

We may fail to complete our projects on time, on budget, or at all.

Property development typically requires significant capital resources, and a substantial amount of time may pass before properties generate revenue. The progress of a property development project may be affected by various factors, which may include, among others:

- natural disasters or adverse weather conditions;
- changes in market conditions, economic downturns and/or decline in customer interest;
- delays in obtaining requisite licenses, permits or approvals from relevant government authorities;
- changes in laws, rules, regulations and government policies;
- disputes with our business partners;
- availability and cost of financing;
- increases in the prices of raw materials and labor costs;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes and strikes;
- construction accidents; and
- other unforeseen problems or circumstances, such as the COVID-19 pandemic. See “— The macroeconomic conditions and real estate markets of the PRC may have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.”

When we are affected by one or more of the above factors, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for land acquisition and property construction. We typically formulate our pre-sales plan based on our construction plan. In the event that the construction schedule of a project has been significantly delayed due to various factors, including factors listed above, we may not be able to complete the construction as

RISK FACTORS

scheduled, which may in turn, cause delays in property delivery. For example, one of our projects located in Shaoxing experienced delays in property delivery as a result of delays in construction completion. Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our business and financial condition and may also cause damage to our reputation.

We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and the relevant PRC laws and regulations provide remedies for breach of these undertakings. For example, if we fail to deliver a pre-sold property on time, we may be liable to the relevant purchasers for late delivery. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. For example, in 2018, 2019 and the four months ended April 30, 2020, we experienced certain delays in property delivery for one project, four projects and two projects, respectively, and as a result incurred compensation and default payments of RMB3.2 million, RMB30.3 million and RMB5.0 million, respectively. In 2018, we experienced an approximately one year delay in property delivery for one project in Yueyang. We acquired the project in Yueyang through acquisition of the project company, Yueyang Xiongcheng Real Estate Co., Ltd. (岳陽雄城置業有限公司), or Yueyang Xiongcheng, in 2017, and the delay in property delivery, which occurred before our acquisition of the relevant project company, was primarily due to the lack of sufficient funds of the predecessor shareholders of Yueyang Xiongcheng prior to the acquisition which were not related to us. Although such failures were due to reasons not related to us, the relevant property purchasers were unable to seek damages from the predecessor shareholders of Yueyang Xiongcheng who caused such defects as they were not parties to the pre-sale contracts after disposing of Yueyang Xiongcheng. We had entered into the agreement with the predecessor shareholders of Yueyang Xiongcheng that they shall coordinate with the property purchasers with respect to the extension of property delivery date. In addition, the predecessor shareholders of Yueyang Xiongcheng agreed by way of written agreement to be responsible for the damages arising under the delay in property delivery for the project in Yueyang. As of the date of this Prospectus, the compensation and default payments we paid to the property purchasers with respect to the delay in property delivery for the project in Yueyang have been fully deducted from the consideration for the acquisition of Yueyang Xiongcheng. In 2019, we experienced approximately one- to three-month delays in property delivery for three projects in Shaoxing due to insufficient production capacity of the relevant suppliers and an approximately three-month delay in property delivery for one project in Chuzhou due to adjustments of construction schedules to optimize the construction plans. In the four months ended April 30, 2020, we experienced an approximately one week delay in property delivery for one project in Ningbo due to longer time required to obtain the completion certificate which resulted in short delay in construction completion and an approximately three-month delay in property delivery for one project in Lianyungang due to change to utility supply plan which was out of our control. The delays in property delivery in 2019 and the four months ended April 30, 2020 for these six projects were primarily due to the delay in construction progress. See “Financial

RISK FACTORS

Information — Results of Operations — Other Expenses.” We may continue to experience delays in property delivery due to various reasons, and may as a result need to pay compensation to purchasers. In addition, purchasers may also refuse to accept the delivery or even terminate the pre-sale contracts if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in the pre-sale contract. We cannot assure you that we will not experience any delays in the delivery of our properties, nor that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant pre-sale contract. If we fail to deliver the properties according to the terms of the pre-sale contracts, we may be subject to legal proceedings or negotiations with our customers, who may become entitled to repudiate the pre-sale contract. We also cannot assure you that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favorable outcome. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

Under the current PRC laws, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties. In addition, the deposit and use of pre-sale proceeds are also restricted. If we fail to deposit the pre-sale proceeds into the designated escrow accounts in accordance with the relevant PRC laws and any relevant local requirements, we may be subject to certain administrative measures, including suspending the allocation of pre-sale proceeds, suspending the qualification for online contracting and being recorded in the credit files of real estate development enterprises. According to the Notice of the MOHURD on Further Strengthening the Supervision of the Real Estate Market to Improve the Pre-sale System of Commodity Housing (《住房和城鄉建設部關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), the pre-sale proceeds of commodity housing shall be fully deposited in an escrow account, and the relevant authority shall be responsible for the supervision and control to ensure that the pre-sale proceeds are used for the construction of the relevant projects, the pre-sale proceeds are appropriated according to the construction progress, and sufficient funds are retained to ensure the completion and delivery of the property projects. The pre-sale proceeds can generally be classified into two categories, key escrow funds and general escrow funds. For the use of key escrow funds, a project company can apply for withdrawal of pre-sale proceeds exceeding the minimum amount of key escrow funds required to be maintained in the designated escrow accounts for use on purposes as allowed under the local regulatory requirements. General escrow funds, which refer to the surplus proceeds that exceed key escrow funds, can be transferred to the general corporate accounts of the project company, in some case after completing the necessary application procedures in accordance with local regulatory requirements, or in other cases freely if no such application requirements. If we fail to comply with the relevant regulations and requirements, we may face fines which may have a material adverse effect on our financial condition and results of operations. During the Track Record Period, we had certain incidents relating to pre-sale proceeds, or the Pre-sale Proceeds Incidents, among which: (i) in 2017, 2018 and 2019 and the four months ended April 30, 2020, 47, 75, 87 and 92 project companies, respectively, did not directly and/or fully deposit pre-sale proceeds into the designated escrow accounts in accordance with the relevant regulatory requirements; and (ii) as of December 31, 2017, 2018 and 2019 and April 30, 2020, 29, 42, 22 and 17 project companies, respectively, did not maintain sufficient cash balances in the designated escrow accounts above the required

RISK FACTORS

regulatory thresholds in compliance with the relevant local regulations and policies. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents — Pre-sale Proceeds Incidents.”

In the event that the PRC Government imposes bans or further restrictions on the conduct of pre-sales, we may be forced to seek alternative sources of funding to finance the development of our property projects. Alternative sources of funding may not be available to us on favorable terms or at all, which may have a material adverse effect on our financial condition and results of operations.

The macroeconomic conditions and real estate markets of the PRC have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.

Toward the end of 2019, an outbreak of highly infectious novel coronavirus was reported. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. As of the date of this Prospectus, the COVID-19 pandemic has spread to over 200 countries and territories globally, with the death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans. Several cities in China where we have land bank and operations had been under a lockdown and have imposed travel restrictions in an effort to curb the spread of the COVID-19 pandemic.

According to the data released on April 17, 2020 by the National Bureau of Statistics, China’s first quarter GDP of 2020 contracted by 6.8% in 2020 compared with the first quarter of 2019. According to JLL, the PRC real estate market in general is under pressure in the short term as the COVID-19 pandemic has curbed on-site sales, though the impact started to ease starting from April 2020. According to the data released by the National Bureau of Statistics on April 17, 2020, China’s real estate investment in the first quarter of 2020 amounted to RMB2,196.3 billion, representing a decrease of approximately 7.7% compared with the first quarter of 2019. According to the data released by the National Bureau of Statistics on July 16, 2020, China’s GDP in the first half of 2020 was RMB45,661.4 billion, representing a decrease of 1.6% from the first half of 2019. Compared with the year on year (y-o-y) decline of 6.8% in the first quarter of 2020, the decrease narrowed by 5.2 percentage points. The national real estate investment in the first half of 2020 was RMB6,278.0 billion, representing a 1.9% y-o-y increase, which, compared with the y-o-y decrease of 0.3% from January to May 2020, indicates a rebound in real estate investment.

We expect to experience an approximately one- to three-month delay in property delivery of our two projects under development, which are located in Hubei Province, and an approximately one- to two-month delay in property delivery for 11 projects outside Hubei Province as a result of the COVID-19 pandemic. Most of our commercial properties temporarily suspended operations pursuant to local governments’ regulations and measures to combat the COVID-19 pandemic. We implemented rent exemption for one month for tenants

RISK FACTORS

of certain of our properties. See “Business — Effects of the COVID-19 Pandemic.” The supply chains in all industries had been disrupted to a certain extent by the COVID-19 pandemic due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements. If our contractors or suppliers encounter any disruption in their business operations, our construction schedule may also be disrupted.

It remains uncertain as to when the COVID-19 pandemic will be completely contained globally. In the event that the COVID-19 pandemic is not completely controlled within a short timeframe, our business and results of operations may be materially and adversely affected as a result of the changes in the outlook of the PRC property market, slowdown in China’s economic growth, negative business sentiment or other factors that we cannot foresee.

The actual realizable value of our properties may be substantially lower than their appraisal value and is subject to change.

The appraisal value of our properties as stated in Appendix III to this Prospectus was prepared by JLL based on multiple assumptions with subjective and uncertain elements. The assumptions, on which the appraised value of our properties and land reserves is based, include that we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests. In addition, no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale.

The appraisal value of our properties should not be taken as their actual realizable value or a forecast of their actual realizable value. The value of our properties may be affected by unforeseen occurrences stalling the progress of property development as well as national and local economic conditions. The value of our properties may stagnate or decrease if the market for comparable properties in China experiences a downturn. See “— Our business and prospects are susceptible to adverse movements in the PRC real estate market, particularly in provinces and cities where we have property projects.” In the event that any of the assumptions prove false, and therefore lower the actual realizable value of our properties, our business, financial condition and results of operations may be materially and adversely affected.

We have indebtedness and may incur additional indebtedness in the future, and may not be able to fully and timely repay our indebtedness.

We maintained a substantial level of borrowings to finance our operations during the Track Record Period. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our total borrowings, comprising interest-bearing bank and other borrowings, ABS (which were fully repaid by April 30, 2020) and senior notes, amounted to RMB25,874.4 million, RMB29,065.1 million, RMB28,527.4 million and RMB32,214.3 million, respectively. Our indebtedness and gearing could have an adverse effect on us, for example, by (i) increasing our vulnerability to downturns of general economic or industry conditions; (ii) limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; (iii) placing

RISK FACTORS

us at a competitive disadvantage compared to our competitors with lower levels of indebtedness; (iv) limiting our ability to borrow additional funds; and (v) increasing our cost of additional financing. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development, and we may also utilize proceeds from additional debt financing to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flows to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. In particular, in 2018 and the four months ended April 30, 2020, our interest coverage ratio was 0.3 and 0.8, respectively, which was less than one, primarily due to the significant balance of bank and other borrowings and senior notes as of December 31, 2018 and April 30, 2020. We cannot guarantee that our interest coverage ratio will not fall below one in the future. An interest coverage ratio of below one could potentially impact the adequacy of our cash flow to cover our outstanding debt. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future bank loans and other financing arrangements, there could be a default under the terms of these arrangements. In the event of a default under these arrangements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the borrowings. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flows would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flows, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

We are subject to credit risk in respect of our trade and bills receivables.

Our trade and bills receivables as of December 31, 2017, 2018 and 2019 and April 30, 2020 amounted to approximately RMB35.4 million, RMB226.1 million, RMB195.0 million and RMB42.4 million, respectively. While the amount of our trade and bills receivables fluctuated during the Track Record Period, in the event that the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we had a provision for impairment of trade receivable of RMB1.2 million, RMB1.3 million, RMB1.4 million and RMB1.4 million, respectively. In addition, there may be a risk of delay in payment by our customers, which in turn may also result in an impairment loss provision. There is no assurance that we will be able

RISK FACTORS

to fully recover our trade and bills receivables from our customers or that they will settle our trade and bills receivables in a timely manner. In the event the settlements from our customers are not made in a timely manner, our financial position, profitability and cash flow may be adversely affected.

We are subject to certain restrictive covenants in and risks associated with our bank and other borrowings and senior notes.

We are subject to certain restrictive covenants under the terms of our bank and other borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among others, our ability to incur additional debt or provide guarantees, create encumbrances, pay dividends or distributions on our or our subsidiaries' capital stock, prepay certain indebtedness, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, alter the nature or scope of business operations in any material respect, make investments and engage in mergers, consolidation or other change-in-control transactions. We are also subject to certain restrictive covenants under the terms of senior notes, which may restrict our ability to create liens and effect consolidation or merger, among other. In addition, some of our borrowings may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio during the term of the loans. Additionally, the covenants of our debt offerings may prohibit us from creating encumbrances on any subsidiaries to secure any offshore indebtedness unless certain conditions are met. Moreover, our trust and other financings are generally secured by pledging our equity interests in the relevant project subsidiaries and/or land use rights of the relevant land parcels. If we incur default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. See "Financial Information — Indebtedness." The occurrence of any of the above events may materially and adversely affect our business, financial condition and results of operations.

We may not be able to fulfil our obligation in respect of contract liabilities.

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Proceeds from customers of pre-sold properties are recorded as contract liabilities under current liabilities before relevant sales revenue is recognized. Since the revenue from property development and sales is only recognized upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue from sales of properties. 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

RISK FACTORS

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 we cannot assist them in obtaining ownership certificates in a timely manner.

Property developers or sellers in the PRC are required to assist purchasers in obtaining the relevant individual property ownership certificates within the time frame set out in the relevant sales contracts, or, in the absence of such time frame, usually 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 contracts if the construction of the property purchased has been completed. We generally elect to specify the deadline for the delivery in the property sales contracts to allow sufficient time for the application and approval process. In accordance with local regulations for pre-sold properties, we are required to submit the documents required for registration, including land use rights certificates, construction work planning permits and construction work commencement permits, to the local bureau of land resources and housing administration to apply for the property ownership initial registration in respect of these properties. We are then required to assist purchasers to obtain the property ownership certificate. Delays by administrative authorities in reviewing the relevant applications and granting approvals, as well as other factors, may affect timely application 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 application of individual property ownership certificates due to our fault or for any reason beyond our control.

We guarantee the mortgage loans provided by financial institutions to our customers, and, consequently, we may be liable to the mortgagees if our customers default on their mortgage payments.

Our customers may apply for mortgage loans to purchase our properties. As consistent with market practice, we guarantee these mortgages for a period until the purchasers of our properties obtain the relevant strata-title building ownership certificate (分戶產權證) and mortgage registration certificate (抵押登記證書) registered in favor of the bank. These are contingent liabilities not reflected on our balance sheets. In the event that a customer defaults on the mortgage payment, the mortgage bank may deduct the payment due from the deposited sum and demand our immediate payment of the outstanding balance. Once we have satisfied our obligations under the guarantee, the bank would then assign its rights under the mortgage to us and we would have full recourse to the property.

As we generally rely on credit assessments conducted by banks on our customers in making our guarantees, we cannot assure you that such credit assessments are sufficient. Furthermore, any significant decline of the economic conditions of the PRC or local markets in which we operate may lead to lowered income of our customers and, subsequently, an

RISK FACTORS

increased risk of default on loans. As of April 30, 2020, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB36,635.6 million. We did not experience any material defaults by customers on their mortgage loans during the Track Record Period. In the event that several guarantee payment obligations arise at one time, we may experience material and adverse effects on our business, financial condition and results of operations, especially if the market value of the relevant properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favorable terms.

We may be subject to late land fees or have to forfeit land to the PRC Government if we fail to pay land grant premiums or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, or develop a property project according to the terms of a land grant contract, the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a late land fee and/or order us to forfeit the land. Specifically, under current PRC laws, we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late land fees or the repossession of the land by the PRC 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 penalty of up to 20% of the land premium. 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, except where the delay in the development is attributable to a force majeure event or the action of the relevant government department or delay in the requisite preliminary work preceding commencement of such development. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but work is suspended for more than one year without government approval 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.

In January 2008, the State Council issued a Notice of the State Council on Promoting Land Saving and Efficient Use (《國務院關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (《關於嚴格建設用地管理促進批而未用土地利用的通知》) in August 2009, which reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (《閒置土地處置辦法》), which went into effect on July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

RISK FACTORS

We experienced delays in the commencement and/or completion of construction for our properties. We experienced delays mainly because of (i) adjustments of city planning, change of land use nature or other administrative procedures out of our control; (ii) adjustments of construction schedules to optimize the construction plans; (iii) adjustments of construction schedules taking into consideration market conditions; and (iv) delays in meeting construction conditions due to reasons not related to us. We cannot assure you that circumstances leading to the repossession of land or delays in the commencement and completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factor, we may lose the opportunity to develop the project as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

We are susceptible to the effects that interest rate hikes may have on our customers' mortgage rates and our financing costs.

Changes in interest rates generally affect our customers' mortgage rates and our financing costs. The PBOC had adjusted the benchmark one-year bank lending rate several times since the financial crisis in 2008. The PBOC lowered its benchmark one-year loan prime rate, or the LPR, from 4.31% in January 2019 to 4.05% in March 2020. However, the PBOC may adjust benchmark interest rates upward. We incurred finance costs of RMB220.3 million, RMB432.1 million, RMB777.6 million, RMB154.4 million and RMB178.6 million, in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Any increase in benchmark interest rates is likely to increase our customers' mortgage rates and our financing costs. Increases in mortgage rates may negatively affect growth in the real estate market, while increases in our financing costs may materially and adversely affect our results of operations.

We may not be able to realize the anticipated economic and other benefits from our joint ventures and associates, and disputes with business partners or any violation of PRC laws by them may adversely affect our business, results of operations and financial condition.

We have formed joint ventures and established associates with other property developers to develop property projects and may continue to do so in the future. As of July 31, 2020, we had 24 projects that were being developed by our joint ventures and associates. The success of a joint venture or an associate 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 associates. In addition, in accordance with PRC law, the agreements and the articles of association of our joint ventures and associates, and certain

RISK FACTORS

matters relating to joint ventures and associates require the consent of all parties to the joint ventures and associates. Joint ventures and associates may involve risks associated with, among others, the possibility that our business partners may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant agreements and the articles of association of our joint ventures and associates;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

In addition, since we do not have full control over the business and operations of our joint ventures and associates, we cannot assure you 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 associates or our joint ventures and associates will not violate applicable PRC laws and regulations, which may have an adverse effect on our business, results of operations and financial condition.

Our results of operations have been affected, and will continue to be affected, by the performance of our joint ventures and associates, and our investments in joint ventures and associates are subject to liquidity risk.

The performance of our joint ventures and associates 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 associates until they start to generate revenue by delivering properties they develop. In 2017, 2018, 2019 and the four months ended April 30, 2019, our share of loss on joint ventures and associates was RMB0.1 million, RMB61.4 million, RMB43.1 million and RMB11.9 million, respectively. In the four months ended April 30, 2020, our share of gain on joint ventures and associates was RMB29.1 million.

In addition, our investment in joint ventures and associates are subject to liquidity risk. Our investments in joint ventures and associates are not as liquid as other investment products as there is no cash flow until dividends are received even if our joint ventures and associates reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the associates or joint ventures 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, 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 interests in the associates or joint ventures 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

RISK FACTORS

relevant transaction. Therefore, the illiquidity nature of our investment in associates or joint ventures may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates. In addition, if there is no share of results or dividends from our associates or joint ventures, we will also be subjected to liquidity risk and our financial condition or result of operations could be materially affected.

We engage third-party contractors during the construction and development stages of our property projects, who may not perform in accordance with our expectations.

We engage third-party contractors to carry out various services relating to property development, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We may select third-party contractors through a tender process or a direct engagement, and we endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. However, 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 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 projects. Furthermore, if our relationship with any of the third-party contractors deteriorates, a serious dispute with such third-party 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.

Fluctuations in the price of construction materials and our construction contractors' labor costs could affect our business and financial performance.

The cost of construction materials such as steel and cement, as well as contractors' labor costs, are subject to a high degree of volatility. We enter into agreements with general contractors for each project, which provide for fees that include construction material and labor costs. The agreement typically provides for a price range for major construction materials, such as steel and cement. When the actual prices of these materials exceed the specified price range, we will be solely responsible for paying the portion beyond the upper limit. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to 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

RISK FACTORS

of operations may be adversely affected. Any increase in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Construction costs fluctuated during the Track Record Period. Any increase in the cost of any significant construction materials will adversely affect our overall construction costs, which is generally one of the largest components of our cost of sales. If we are unable to successfully pass on such increase in construction costs to our customers by pricing our properties at a level sufficient to cover all the increased costs, our profit margin could be adversely impacted.

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 performance of our investment properties.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, the fair value of our investment properties was RMB568.1 million, RMB1,102.6 million, RMB1,492.6 million and RMB2,014.8 million, respectively. 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 tenancy agreement, we may have to pay termination fees to our retail tenants.

Furthermore, the aging of investment properties, changes in economic and financial condition or changes in the competitive landscape in the PRC property market may adversely affect the amount of rents 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 funds 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.

RISK FACTORS

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 period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of profit or loss and other comprehensive income for the period in which they arise. Our investment properties are appraised by an independent property valuer at each of the relevant dates, 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 combined statements of financial position and changes in fair value of investment properties and the relevant deferred income tax expenses on our combined statements of profit or loss and other 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.

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

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external appraisers. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods when they arise and the impact may be significant. The fair value gains on our investment properties in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020 were RMB17.3 million, RMB14.0 million, RMB22.4 million, RMB18.2 million and RMB0.9 million, respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of

RISK FACTORS

the increased profit. Nevertheless, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

We may not be able to continue to attract and retain quality tenants for our commercial properties.

Historically, we derived a small portion of revenue from the investment and operation of our commercial properties. We may seek to selectively increase our portfolio of commercial properties by adding commercial properties with appreciation potential. However, we are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from ongoing maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. We may not be able to identify new tenants or retain existing tenants for our commercial properties. In addition, an increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants and force us to reduce rent or incur additional costs in order to market our properties. If there is a significant downturn in the commercial property markets or in the cities where we have commercial properties, we may not be able to maintain our current levels of revenue from the investment and operation of commercial properties. Our inability to expand our portfolio of commercial properties, to secure suitable tenants or otherwise to enhance the financial performance of our commercial properties or to maintain our current levels of rental income may have an adverse effect on our financial performance and results of operations. All these factors could negatively affect the demand for our commercial properties, and as a result, reduce our rental income, which may have an adverse effect on our business, financial condition and results of operations.

The PRC Government may tighten regulations relating to trust financing being provided to property developers, which may affect our ability to obtain trust financing.

We enter into trust financing arrangements from time to time in the ordinary course of our business. See “Finance Information — Indebtedness — Bank and Other Borrowings — Trust Financing.” There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the China Banking and Insurance Regulatory Commission, or the CBIRC. In 2009 and 2010, the CBIRC issued detailed restrictions on trust financing arrangements with property projects, including but not limited to (i) restricting trust companies from providing financing to property developers that have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits, or to projects that fail to meet project capital ratio requirements; and (ii) restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have qualification at or above second-level. On May 8, 2019, the CBIRC issued the Notice on Launching the Work of Consolidating the Achievements in Rectification of Chaotic Practices and Promoting the Compliance Construction (《中國銀保監會關於開展“鞏固治亂象成果促進合規建設”工作的通知》), or Notice No. 23, to further tighten the trust financing and other financing arrangements

RISK FACTORS

in the real estate industry. Pursuant to Notice No. 23, trust companies and other financial institutions are prohibited from providing financing to property developers without necessary certificates, permits, licenses or sufficient capital, or making equity investments in or providing shareholders' loan of a debt nature to property developers, or providing financing to property developers for the payment of land premiums. See "Regulatory Overview — Real Estate Financing — Trust and Asset Management Financing." The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use future bank loans or other forms of financing, including trust financing or ABS to finance our property developments and therefore may require us to maintain a relatively high level of internally generated cash. As a result, our business, financial condition and results of operations may be materially and adversely affected. 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.

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

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we leased 19 properties mainly for our office premises, and failed to register 12 lease agreements as the tenant. See "Business — Properties for Self-use and Leased Properties." We may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. 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. We cannot assure you 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.

There are uncertainties about the recoverability of our deferred tax assets.

We recorded deferred tax assets of RMB921.6 million, RMB1,702.8 million, RMB1,960.6 million and RMB2,095.3 million, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be utilized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations.

RISK FACTORS

There are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development.

There are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development. Prepaid taxes and other tax recoverables primarily represent prepaid taxes other than LAT and corporate income taxes, such as turnover taxes, VAT taxes, and other miscellaneous taxes and surcharges. We had prepaid taxes and other tax recoverables of RMB1,350.4 million, RMB3,546.5 million, RMB4,177.9 million and RMB4,232.1 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Amounts due from non-controlling shareholders of the subsidiaries represent cash advances to the non-controlling shareholders and predecessor shareholders of subsidiaries from time to time before the final settlement and distribution of our property projects. We had amounts due from non-controlling shareholders of the subsidiaries of RMB1,148.8 million, RMB2,299.1 million, RMB1,631.7 million and RMB1,665.7 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Progress prepayments for acquisition of land use rights for development represent payments we made prior to obtaining the land use rights. We recorded such progress prepayments for acquisition of land use rights for development of RMB2,612.4 million, RMB4,078.0 million, RMB2,479.6 million and RMB3,680.7 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. See “Financial Information — Descriptions of Certain Combined Statements of Financial Position Items — Prepayments, Deposits and Other Receivables” and note 24 to the Accountants’ Report included in Appendix I to this Prospectus.

We conduct assessments on the recoverability of prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting such prepayments. Accordingly, there are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development. Therefore, if we are not able to recover the prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development, our financial position and results of operations may be adversely affected.

RISK FACTORS

Our results of operations, financial condition and prospects may be adversely affected by our amounts due from our joint ventures and associates.

During the Track Record Period, in order to support the business operations of our joint ventures and associates, we recorded amounts due from our joint venture and associates of approximately RMB2,348.6 million, RMB3,237.1 million, RMB2,944.0 million and RMB2,916.9 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. We make periodic assessments on the amounts due from our joint ventures and associates 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 associates 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 and associates in full or in timely manner, there could be a material adverse effect on our profitability, cash flow and financial position. See “Financial Information — Related Party Transactions” and note 40(4) to the Accountants’ Report included in Appendix I to this Prospectus.

Gain on bargain purchase, gain on disposal of subsidiaries and joint ventures, subsidy income and gain on remeasurement of previously held equity interests in joint ventures and associates are non-recurring in nature. Accordingly, we may not record such gain or recognize such income in the future.

We recorded gain on bargain purchases of approximately RMB22.4 million in 2017 in connection with our acquisition of a few subsidiaries in 2017. We also recorded one-off gains on disposal of associates and subsidiaries in an aggregate amount of approximately RMB15.1 million, RMB10.0 million, RMB4.0 million, nil and RMB1.1 million in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we received sizeable government grants in the form of tax refunds and special subsidies of RMB22.7 million, RMB4.0 million, RMB70.8 million, RMB56.7 million and RMB24.4 million, respectively. We also recorded one-off gain on remeasurement of previously held equity interests in joint ventures and associates of approximately RMB60.8 million and RMB1.6 million in 2017 and 2018, respectively. See “Financial Information — Results of Operations — Other Income and Gains” and note 5 to the Accountants’ Report included in Appendix I to this Prospectus. While such gain or income had an impact on our reported profit for the relevant period, they were non-recurring in nature. Therefore, we may not record such gain or income in the future, which may in turn adversely affect our financial performance.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes.

Pursuant to PRC regulations on LAT, both domestic and foreign investors engaged in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use right, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. In 2017, 2018 and 2019 and the four months ended April 30,

RISK FACTORS

2019 and 2020, we recorded LAT expenses of RMB118.4 million, RMB138.9 million, RMB995.5 million, RMB37.7 million and RMB244.7 million, respectively, in our combined statements of profit or loss and other comprehensive income. In accordance with a circular issued by the SAT, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project. We make provision for the estimated full amount of applicable LAT in accordance with relevant PRC tax laws and regulations. Our estimates are based on, among other factors, our own apportionment of deductible expenses, which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT.

During the Track Record Period, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. LAT liabilities are subject to determination by the tax authorities upon the completion of property 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 affected if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations in future. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retroactively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict our cash flow positions, our ability to finance our land acquisitions and to execute our business plans.

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

The real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in a timely manner at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. At the beginning of 2017, we had provision for impairment losses on property under development and completed properties held for sale in relation to three projects in the amount of RMB744.6 million. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of impairment losses transferred to cost of sales due to property delivery of these three projects amounted to RMB152.0 million, RMB63.2 million, RMB100.1 million and RMB20.2 million, respectively. The balance of provision for impairment losses of property under development was RMB401.4 million, RMB360.7 million, RMB270.0 million and RMB259.2 million, respectively, and the balance of provision for impairment losses of completed properties held for sale was RMB191.2 million, RMB168.8 million, RMB159.4 million and RMB150.0 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. We cannot assure you that we may not incur impairment losses, if any or at a similar level,

RISK FACTORS

during adverse market conditions in the future. If we incur impairment losses or experience increases in impairment losses for properties under development and completed properties held for sale, our financial position may be adversely affected.

Net changes in fair value of financial assets are linked to market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques.

We purchased wealth management products issued by financial institutions in the PRC, which are classified as financial assets at fair value through profit or loss on our financial statements. We incurred a net gain from financial assets at fair value through profit or loss in the amount of RMB2.3 million, RMB11.5 million, RMB1.9 million, RMB0.2 million and RMB0.1 million in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively, in connection with the fair value of such investments of RMB330.3 million, RMB49.4 million, RMB17.5 million and RMB373.5 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. See “Financial Information — Description of Certain Combined Statements of Financial Position Items — Financial Assets at Fair Value through Profit or Loss.” Such financial assets are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our combined income statements, therefore directly affecting our results of operations. There is no assurance that we will not incur fair value losses in the future. If we incur significant fair value net changes, our results of operations, financial condition and prospects may be adversely affected.

Potential liability for health and environmental issues could result in costs.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws and regulations, property projects in environmentally sensitive regions and with self-built sewage treatment facilities are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. If we fail to meet such requirements, local authorities may issue orders to stop construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between 1% to 5% of the total investment amount of the project, and may also issue orders to restore the original conditions before the construction, and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. For other property projects, we are required to file the environmental impact registration form for record. If we fail to meet such requirements, we shall be ordered to make the filing and face a fine of up to RMB50,000. After the completion of construction, we are required to make an acceptance check of the environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council. When making an acceptance check of environmental protection facilities, we are required not to commit fraud. We are also required to make the acceptance report publicly available in accordance with the law unless we are required to keep the report confidential according to national provisions. If we cannot make

RISK FACTORS

an acceptance check of environmental protection facilities in due course, the development of our projects may be delayed. As environmental awareness grows in China, we anticipate that the PRC Government will continue to promulgate increasingly stringent environmental laws and regulations. We anticipate that these developments will increase our project development costs in general.

We may fail to obtain or experience delays in obtaining the relevant PRC governmental permits and certificates for our property projects.

We are required to obtain various permits and certificates throughout multiple stages of our property projects, including but not limited to land use rights certificates, construction land planning permits, construction work planning permits, construction work commencement permits and pre-sales permits. In addition, each entity engaging in real estate development is required to obtain a qualification certificate for real estate development enterprise. Those who engage in real estate development without obtaining a qualification certificate will be ordered to cease development activities. Generally, these permits and qualification certificates are only issued or renewed after certain conditions have been satisfied. During the Track Record Period, we experienced certain construction related incidents. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents — Construction Related Incidents.” We cannot assure you that we will not encounter obstacles toward fulfilling such conditions which may delay us in obtaining, or result in our failure to obtain, the requisite permits and certificates. Moreover, as the real estate industry is closely monitored by the PRC Government, we anticipate that new policies may be promulgated from time to time in relation to the conditions for issuance or renewal of requisite permits and certificates. We cannot assure you that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits and certificates or that we will be able to overcome these obstacles in a timely manner, or at all.

We may be involved in legal and other proceedings arising out of our operations from time to time.

We may be involved in claims, legal proceedings and other disputes with various parties involved in the development and sales of our properties, including contractors, suppliers, regulatory bodies, customers and business partners. See “Business — Legal Proceedings and Compliance — Legal Proceedings.” These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management’s attention from our core business activities. Purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings and unfavorable decisions that may result in liabilities and cause delays to our property developments. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents.” We may be involved in other proceedings or disputes in the future that may have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

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

Our suppliers are mainly construction contractors and equipment suppliers. During the Track Record Period, we were dependent on a limited number of major suppliers to operate our businesses. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from our five largest suppliers accounted for approximately 43.9%, 47.3%, 57.5% and 53.3% of our total purchases, respectively. Purchases from our single largest supplier, Xiangsheng Construction (which is a connected person) in 2017, 2018 and 2019 and the four months ended April 30, 2020 accounted for approximately 38.3%, 43.5%, 50.1% and 41.1% of our total purchases, respectively. See “Business — Suppliers and Customers — Suppliers.”

Our reliance on Xiangsheng Construction may expose us to various risks. For example, Xiangsheng Construction may run into difficulties that would, as the case may be, undermine its ability to provide construction services that we require for our business operations. In such a case, we will be required to engage the services of other construction companies, including companies which we have not worked with before. There can be no assurance that the terms offered to us by such other construction companies will be comparable to or more favorable than those provided to us by Xiangsheng Construction. In addition, we may not be able to maintain the same level of efficiency and could experience other difficulties working with new construction contractors after the Listing. Any of the above factors could have a material adverse effect on our business operations.

In addition, if our other major suppliers decide to terminate business relationships with us or, if the services, equipment or materials supplied by our current suppliers fail to meet our standards, or if our current service, equipment or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion or at all. In such events, our business, financial condition and results of operations may be materially and adversely affected.

The property development business is subject to customer claims under statutory quality warranties.

All property developers in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers’ dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties. See “Business — Our Property Development Management — Delivery of Properties and After-sales Customer Service — Warranties and Returns.”

RISK FACTORS

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

We may fail to retain members of our senior management team and key personnel.

The growth and success of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications, including management personnel with relevant professional skills. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In particular, we rely on the expertise, experience and leadership ability of Mr. Chen, our founder and certain key management personnel. If we were to lose the services of any of our senior management for any reason, we may not be able to find suitable replacements for them. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to retain the services of key personnel, or hire, train and retain high quality senior executives or key personnel in the future. In addition, if any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers, key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified persons. If we lose senior management executives or key personnel, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

Our historical financial results may not be indicative of our future performance.

Our business achieved rapid growth during the Track Record Period in terms of revenue. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our revenue was RMB6,293.3 million, RMB14,215.3 million, RMB35,519.5 million, RMB3,835.1 million and RMB8,551.9 million, respectively. We recorded a net loss for the year/period of RMB285.9 million and RMB115.6 million in 2017 and the four months ended April 30, 2019, respectively, and recorded a net profit for the year/period of RMB427.9 million, RMB3,209.0 million and RMB600.3 million in 2018 and 2019 and the four months ended April 30, 2020, respectively. These historical results should not be taken as indicative of our future performance. We may not be able to sustain our rapid growth or may not even be able to grow our business at all.

To focus our resources on property development and sales, we disposed of the property management service business and hotel business as part of the Reorganization. The disposals were completed by May 2020. In 2017, 2018 and 2019 and the four months ended April 30,

RISK FACTORS

2019 and 2020, revenue derived from our property management services was RMB3.5 million, RMB2.7 million, RMB3.8 million, RMB1.1 million and RMB1.2 million, respectively, while revenue derived from our hotel services was RMB110.1 million, RMB111.9 million, RMB107.1 million, RMB38.8 million and RMB13.6 million, respectively. We do not expect to record revenue from property management services and hotel services after the disposals. See “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies,” and note 37 to the Accountants’ Report in Appendix I to this Prospectus. As a result, our historical results should not be taken as indicative of our future prospects.

We recorded a net loss in 2017 and we may experience net loss in future periods.

We recorded a net loss of RMB285.9 million in 2017, which was primarily because we accelerated our property development activities and geographical expansion since 2016 and incurred significant administrative expenses and selling and distribution expenses in 2017, while the total recognized GFA as well as the recognized ASP were relatively low in 2017, resulting in the relatively low gross profit margin of 13.2% in 2017 compared to 21.1%, 23.9%, 18.4% and 20.7% in 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Although we have commenced to recognize net profit since 2018, there is no assurance that we will be able to improve or maintain our financial performance in the future. Our ability to achieve and retain profitability depends in large part on, among other things, our ability to develop and offer quality property projects catering to the needs of our target customers, our ability to control costs and expenses in connection with land acquisition and property development activities, as well as our ability to manage external financing costs. However, there is no assurance that we will be able to continue to increase our sales of properties, or to reduce the level of administrative, selling and distribution expenses in connection with our property development in the future, in which case, our business, financial condition and results of operation may be materially and adversely affected.

We may not have adequate insurance coverage to cover all risks related to our business.

We maintain or require general contractors to maintain insurance policies as required by applicable PRC laws and regulations and as we consider appropriate for our property projects under construction and commercial properties. For example, we require general contractors to maintain all-risks insurance policies for our projects under development, including natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods and maintain insurance policies for our self-owned completed project against certain risks. When requested to do so by the relevant financial institutions, we may maintain construction related insurance policies for certain projects under development where such projects are pledged to secure our borrowings from such financial institutions. However, we do not maintain insurance in respect of litigation risks, business termination risks, product liability or our important personnel for all of our subsidiaries, as such is not required under the applicable PRC laws and regulations. We may be required to bear our losses to the extent that

RISK FACTORS

our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could incur significant costs and diversion of our resources, and thereby materially and adversely affect our financial condition and results of operations.

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

Bribery and other misconduct by our employees or agents may be difficult to prevent or to detect on a timely basis, or at all. Although we have put in place relevant internal control measures aimed at preventing our employees and agents from engaging in conduct which would violate applicable anti-corruption laws and regulations, there can be no assurance that we will be able to prevent or detect such misconduct. Such misconduct by our employees or agents could subject us to financial losses and harm our 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.

Certain portions of our property projects and investment properties are designated as civil air defense properties, and we may not be able to use these areas as planned in times of war.

Certain portions of our property projects and investment properties are designated as civil air defense properties. According to PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (《人民防空工程平時開發利用管理辦法》) promulgated by the House Civil Air Defense Office in November 2001, after obtaining approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other times and generate profits from such use. During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense properties in our property projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the PRC 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, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material respects, 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 may increase our compliance cost.

RISK FACTORS

We may experience failures of or disruptions to our information technology systems.

We rely on our information technology systems to manage key operational functions such as processing financial data and coordinating business operations among the operational teams at the headquarters, regional and city level. However, we cannot assure you that damage or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Failures of or disruptions to our information technology systems, and loss or release of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material and adverse effects on our business and results of operations.

Our business depends largely on our brand image and our intellectual property rights, and any damage to them could adversely affect our brand value and our business.

We rely on our brand name, “Shinsun” (祥生), in marketing our properties. Brand value is based largely on subjective public perception and can be damaged by isolated incidents. Any negative incident or negative publicity concerning us or our business could adversely affect our reputation and business. Our brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties, offer consistently negative experience to our customers or are perceived to have acted in an unethical or socially irresponsible manner.

Further, we may be subject to or associated with negative publicity, including on the Internet, with respect to our corporate affairs and conduct related to our personnel, or the real estate market we operate in or intend to operate in. 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.

Additionally, our efforts to protect our brand name may not be adequate, and we may be unable to identify any unauthorized use of our brand name or to take appropriate steps to enforce our rights on a timely basis. Any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. Third parties may use our intellectual property in ways that damage our reputation in the real estate industry. Although we are not aware that any such instances occurred during the Track Record Period, we cannot assure you that our measures to protect our intellectual property will be sufficient. We primarily rely on contracts with our employees and business partners under trademark and copyright laws and regulations to protect our intellectual property rights. Despite the precautions taken, there can be no assurances that we will be able to detect all misappropriation or unauthorized use of our trade name and trademarks in a timely manner, or at all. There is also no assurance that we will be successful in any enforcement proceedings that we undertake. Litigation to protect our intellectual

RISK FACTORS

property may be time-consuming, costly and divert management attention from our operations. We may experience material and adverse effects on our business and financial condition in the short term, while failures to protect our intellectual property rights may diminish our competitiveness and market share in the long term.

False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, and deteriorate our brand name.

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 projects, our business and our brand image. If any of our advertisements are considered to be untruthful or any of the sales and marketing efforts by us or our agents are considered to be unlawful, we may be penalized and required to cease publishing the advertisements and eliminate adverse effects by publishing notice on the same media or media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and publications, deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, 21 of our project companies were imposed penalties by local government authorities for inappropriate advertising, pricing and marketing activities. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Inappropriate Advertising, Pricing and Marketing.”

RISKS RELATING TO OUR INDUSTRY

The real estate industry is closely monitored by the PRC Government and we may fail to adapt to new laws and regulations in ways that are profitable to our business.

The PRC Government closely monitors the real estate industry and promulgates new laws and regulations that are relevant to our business from time to time. 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 reducing the land available for property development, setting interest rates, setting pre-sale unit prices, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign exchange restrictions on foreign investment and financing. Such policies, which may be introduced to curb overheating in the real estate industry, may reduce market demand for our properties. Laws and regulations promulgated to regulate other sectors of the economy may also indirectly affect our industry. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

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

RISK FACTORS

- prohibiting commercial banks from lending funds to property developers with an internal capital ratio lower than a 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 such as Shanghai, Nanjing, Changsha and Chengdu;
- 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 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 local governments to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and

RISK FACTORS

interest rates for mortgages for second and more residential property. If the property price increases too quickly, local governments may further increase interest rates and down payment ratio for mortgages for second and more residential 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 sales of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties were announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

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- and certain second-tier cities. As a response, in certain first- 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 property 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 years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies were 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, or 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 temporarily not be filed for a record. Such cities currently comprise 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 MOHURD. According to the Circular 4, a private equity and asset management plan shall neither be used to finance any property developer, by means of bank

RISK FACTORS

entrusted loans, trust plans or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions' granting of loans for down payments.

In recent years, governments in Shanghai, Shenzhen and certain other cities have introduced further policies to restrain property purchases for specialization purposes and prevent property prices from rising too quickly. Such policies include raising the minimum percentage of down payment of the purchase price, setting the minimum interest rate for personal mortgage loans, and adopting lots drawing policy for the sales of residential properties. On April 1, 2017, the Ministry of Land and Resources and the MOHURD issued the Circular of the MOHURD and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). 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 property 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 are no assurances that the PRC Government will relax existing restrictive measures, impose and enhance restrictive measures, or 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.

We face intense competition from other real estate developers.

The property market in Zhejiang Province and the Pan-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 Zhejiang Province and the Pan-Yangtze River Delta Region where we have operations and we may expand into. Many of our competitors, including overseas listed foreign developers and top-tier domestic developers, may have more financial or other resources than us and may be more sophisticated than us in terms of engineering and technical skills. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to a property price decline, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. Moreover, property markets across the PRC are influenced by various other factors, including changes in

RISK FACTORS

economic conditions, banking practices and consumer sentiment. If we fail to compete effectively, our business operations, financial condition, results of operations and prospects may be materially and adversely affected.

The PRC Government may adopt more strict measures to regulate the property sector.

Investments in the PRC property sector have increased significantly in the past decade. In response to concerns over the rapid increase in property investments and property prices, from 2004 to the first half of 2008, the PRC Government introduced various policies and measures to curtail property development. In the second half of 2008 and in 2009, in order to reduce the impact of the global economic slowdown, the PRC Government adopted measures to encourage consumption in the residential property market and to support real estate development. However, since December 2009, the PRC Government has adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In August 2011, the MOHURD urged provincial governments to implement home purchase restrictions to control property prices, and listed criteria for the implementation of restrictions. In the second half of 2011, in order to further cool down the property market, the PRC Government extended home purchase restrictions to certain second- and third-tier cities in addition to 40 first- and second-tier cities that had already adopted home purchase restriction measures. On February 26, 2013, the General Office of the State Council issued the Circular on Further Promoting Real Estate Market Regulation, which provides, among other things, that a 20% individual income tax should be levied on the difference between the sale proceeds and the purchase price for the owner's transfer of residence. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large Chinese cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

On April 1, 2017, the MOHURD issued the Notice of the MOHURD and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). According to the Notice, cities facing serious demand over supply and overheating market shall increase the supply of housing land to maintain a housing supply-demand balance, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build an inspection system to monitor the source of funds for land acquisition to ensure that the real estate developers use their own funds to purchase lands.

In July 2017, the NDRC, the CSRC, the MOF, the MOHURD, the Ministry of Public Security, the MLR, the SAT, the SAIC and the PBOC jointly issued the Notice on Accelerating the Development of Renting Market in Large and Medium-sized Cities with Influx Population (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》),

RISK FACTORS

promoting the development of the renting market through multiple channels, such as increasing the land banks to be granted for renting houses, and encouraging the ancillary renting houses in new commodity properties. The promotion of the renting market may adversely impact property sales.

We cannot assure you that the PRC Government, in particular local government where we have operations, will not adopt more stringent policies, regulations and measures in the future. Such policy changes may materially and negatively impact our business, results of operations, financial condition and prospects.

We are exposed to risks associated with operating in an industry still in the adjustment and optimization stage.

As the real estate industry in China is still in the adjustment and optimization stage, investors may be discouraged from acquiring properties as there is a limited amount of accurate financial and regulatory information publicly available. Other factors that discourage investment in real estate may include the limited number of mortgage financing options available, legal uncertainties having to do with enforcement of title and the lack of a liquid secondary market for residential properties. Though demand for private residential property has grown in recent years, the real estate market has experienced volatility and price fluctuations. The risk of over-supply has also surfaced as investments in real estate are increasingly made for speculative reasons. We are exposed to risks associated with operating in such a business environment. Any of the factors relating to the real estate industry may reduce demand for our properties. We may be forced to lower our prices, and the resulting decrease in our profit margins may materially and adversely affect our business and results of operations.

RISKS RELATING TO THE PRC

We are vulnerable to adverse changes in economic, political and social conditions and governmental policies in China.

We manage and operate all of our business operations within the PRC. Accordingly, our business, financial condition, results of operations and prospects are to a significant degree, subject to economic, political and social developments in China. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. Before its adoption of reform and open-door policies beginning in 1978, China was primarily a planned economy. Since then, the PRC economy has been transitioning to become a market economy with socialist characteristics. For approximately four decades, the PRC Government has implemented economic reform measures to utilize market forces in the PRC economy. Many of the economic reforms carried out by the

RISK FACTORS

PRC Government are unprecedented or experimental and are expected to be refined from time to time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining process and any changes in laws and regulations or the interpretation or implementation thereof in China may have a material impact on our operations or may adversely affect our financial condition and results of operations.

While the PRC economy has grown significantly in recent years, this growth has been geographically uneven among various sectors of the economy and during different periods. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may materially and adversely affect our business. In the past, the PRC Government has periodically implemented a number of measures intended to slow down certain segments of the economy that the PRC Government believed was overheating. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government to guide economic growth and allocate resources will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may reduce demand for our properties and therefore materially and adversely affect our business, financial condition and results of operations.

China's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade war with the United States. In 2018, the United States government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on various categories of imports from China, and China responded with similarly sized tariffs on U.S. products in retaliation. The trade war escalated in May 2019, when the United States increased tariffs on US\$200 billion worth of Chinese products from 10% to 25%, and China increased tariffs on US\$60 billion worth of U.S. goods in response. Moreover, since May 2019, the United States has banned six Chinese technology firms from exporting certain sensitive U.S. goods. In August 2019, the U.S. Treasury declared China a currency manipulator. On September 1, 2019, the United States implemented further tariffs on more than US\$125 billion worth of Chinese goods. On September 2, 2019, China lodged a complaint in the World Trade Organization against the United States over the import tariffs. Uncertainties still remain and the lasting impacts the trade war may have on the PRC economy and the PRC real estate industry are uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected.

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

We are a holding company incorporated in the Cayman Islands and operate our core businesses through our subsidiaries, joint ventures and associates in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders largely depends upon dividends received from these subsidiaries, joint ventures and associates. The ability of our subsidiaries,

RISK FACTORS

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

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

Restrictions on currency exchange under PRC laws and regulations may limit our ability to satisfy obligations denominated in foreign currencies.

Currently, the Renminbi cannot be freely converted into foreign currencies, and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. All of our revenue is denominated in Renminbi. Under our current corporate structure, we derive our income primarily from dividend payments made by our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to pay dividends or other payments to us or satisfy other foreign currency-denominated obligations, if any. Additionally, the PBOC has adjusted the Renminbi deposit reserve ratio for major banks several times since 2010, first upward to a peak of 21.5% and more recently downward to its present level of 14.5% for large institutions and 12.5% for smaller banks as of January 4, 2019. Effective on April 25, 2018, the PBOC would make downward adjustment of the Renminbi deposit reserve ratio to a minimum of 16.0% for banks meeting certain conditions.

Under existing PRC foreign exchange regulations, the Renminbi is convertible without prior approval from the SAFE for current account transactions so long as certain procedures are complied with. Examples of such current account transactions include profit distributions and interest payments. However, prior approval and registration with the SAFE is required for capital account transactions. Examples of capital account transactions include foreign direct investment and the repayment of loan principal. There can be no assurance that the PRC Government, in seeking to regulate the economy, will not restrict access to foreign currencies

RISK FACTORS

for current account transactions in the future. Such restrictions may limit our ability to convert cash from our operating activities into foreign currencies to make dividend payments or satisfy any foreign currency-denominated obligations we may have. Moreover, limitations on the flow of funds between us and our PRC subsidiaries may restrict our ability to provide financing to our PRC subsidiaries and take advantage of business opportunities in response to market conditions.

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 is 40 years for commercial, tourism or recreational purposes and 50 years for industrial or other purposes. Upon expiration, the land use rights will be returned 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 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 returned 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 had, as of the Latest Practicable Date, run its full term, there was 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 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 and business could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Fluctuations in exchange rates may have a material and adverse impact on your investment.

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by, among other factors, the policies of the PRC Government and changes in international and domestic political and economic conditions. From 1995 to July 20, 2005, the conversion of the Renminbi into foreign currencies was based on fixed rates set by the PBOC. However, effective from July 21, 2005, the PRC Government decided to permit the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On November 30, 2015, the Executive Board of the International Monetary Fund completed a regular five-year review of the basket of currencies that make up the Special Drawing Right and determined that, effective from October 1, 2016, the Renminbi will be included in the Special Drawing Right basket as a fifth currency along with the U.S. dollar, the Euro, the Japanese yen and the British pound. It is difficult to predict how market forces and the PRC Government's policies will continue to impact Renminbi exchange rates going forward. In light of the trend towards Renminbi internationalization, the PRC Government may announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies.

Substantially all of our revenue, liabilities and assets are denominated in Renminbi, while our proceeds from the Global Offering will be denominated in Hong Kong dollars. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact our financial results and the value and amount of any dividends payable on our Shares. For example, significant appreciation of the Renminbi against the Hong Kong dollar could reduce the amount of Renminbi received from converting Global Offering proceeds or proceeds from future financing efforts to fund our operations. Conversely, significant depreciation of the Renminbi may increase the cost of converting our Renminbi-denominated cash flows into Hong Kong dollars, thereby reducing the amount of cash available for paying dividends on our Shares or carrying out other business operations.

Inflation in China could negatively affect our financial performance and growth.

Economic growth in China has, in the past, been accompanied by periods of high inflation. In response, the PRC Government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The PRC Government may take similar measures in response to future inflationary pressures. Rampant inflation without the PRC Government's mitigation policies would likely increase our costs, thereby materially reducing our financial performance. There is no assurance that we will be able to pass any additional costs to our customers. On the other hand, such control measures may also lead to slower economic activity and we may see reduced demand for our properties.

RISK FACTORS

Uncertainties with respect to the PRC legal system could have a material adverse effect on our business.

The legal system in China has inherent uncertainties that could limit the legal protection available to our Shareholders. Our business is conducted in China and our principal operating subsidiaries are located in China. Consequently, we are subject to PRC laws and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance as precedent. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Moreover, these laws and regulations are relatively new and there is a limited volume of published decisions. Thus, there are uncertainties involved in their implementation and interpretation, which might not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until sometime after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of process or enforcing foreign judgments against us, our Directors or senior management residing in China.

Our Company is incorporated in the Cayman Islands. Substantially all of our assets are located in China and substantially all of our Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on July 14, 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement. Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in

RISK FACTORS

writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement. The New Arrangement will broaden the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction need to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement will replace the Arrangement when the former becomes effective. However, as of the Latest Practicable Date, the New Arrangement has not become effective and no specific date has been determined as its effective date. The Arrangement continues to apply and, as such, it may be difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income.

Pursuant to the EIT Law, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside China whose “de facto management body” is located in China is considered a “PRC resident enterprise” and will generally be subject to the uniform enterprise income tax rate, or EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, “de facto management body” is defined as the organizational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or the Circular 82, as amended on January 29, 2014, which sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside China and controlled by PRC enterprises or PRC enterprise groups is located within China. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply (i) the senior management and core management departments in charge of daily business operations are located mainly within China; (ii) financial and human resources decisions are

RISK FACTORS

subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. Further to Circular 82, SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), or the Bulletin 45, which took effect on September 1, 2011 and amended on June 1, 2015 and June 18, 2016, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. Substantially all members of our senior management are currently based in China; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares under PRC law.

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business, unless such foreign investors' jurisdiction of incorporation has a tax treaty or similar arrangement with the PRC that provides for a different withholding tax arrangement. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation 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》) issued in August 2006, dividends paid by a foreign-invested enterprise in the PRC to its shareholders in Hong Kong will be subject to a withholding tax at a rate of 5% if such Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income derived from sources within China unless a treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

RISK FACTORS

Although we conduct all of our business operations in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC Government, including restrictions on the ability of our PRC subsidiaries to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiaries.

The SAFE promulgated Circular 37 in July 2014, which abolished and superseded the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the Circular 37. Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with the SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. In accordance with 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》), or the Circular 13, the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and the SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant

RISK FACTORS

requirements under this regulation could subject us to penalties or sanctions imposed by the PRC Government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular 37. Moreover, there is no assurance that the PRC Government will not have a different interpretation of the requirements of Circular 37 in the future.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.

We may grow our business in part by acquiring other companies operating in our industry. A number of PRC laws and regulations, including the M&A Rules, the Anti-Monopoly Law (《反壟斷法》) and the Rules of the MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by the MOFCOM on August 25, 2011 and effective from September 1, 2011, or the Security Review Rules, have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in China more time consuming and complex. These include requirements in some instances to notify the MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from the MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licenses, confiscating our income and requiring us to restructure or unwind our restructuring activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial condition and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

RISK FACTORS

The national and regional economies in China and our business may be adversely affected by factors beyond our control such as natural disasters, acts of war or terrorism, epidemics and pandemics.

Our business is subject to general economic and social conditions in China. Certain factors beyond our control may adversely affect the economy, infrastructure and livelihood of people in the region where we conduct our business operations. Some regions in China may be susceptible to the threat of natural disasters, potential wars, terrorist attacks, epidemics such as Ebola, Severe Acute Respiratory Syndrome (SARS), H1N1 influenza, H5N1 influenza, H7N9 influenza and H3N2 influenza and pandemics, such as the ongoing COVID-19 pandemic. Serious natural disasters and acts of war or terrorism may result in, among others, power shortages or failures, loss of life, injuries, destruction of assets and disruption of our business operations. Severe communicable disease outbreaks may cause a widespread health crisis that materially and adversely affects economic systems, financial markets and our business operations. Any of these factors and others beyond our control could have an adverse effect on the overall business sentiment and environment, create uncertainties in the region where we conduct our business operations, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior market for our Shares, and their liquidity and market price following the Global Offering may be volatile.

Prior to the Global Offering, there was no public market for our Shares. The indicative offer price range and the Offer Price will be determined by negotiations between us and the Joint Representatives (for themselves and on behalf of the Underwriters), and they may differ significantly from the market price of our Shares following the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, there can be no guarantee that: (i) an active or liquid trading market for our Shares will develop; (ii) if such a trading market does develop, it will be sustained following completion of the Global Offering; or (iii) the market price of our Shares will not decline below the Offer Price. The trading volume and price of our Shares may be subject to significant volatility in response to, among others, the following factors:

- variations in our financial condition and/or results of operations;
- changes in securities analysts' estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;

RISK FACTORS

- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- fluctuations in the market prices of our properties;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering and could face dilution as a result of future equity financings.

The Offer Price substantially exceeds the per Share value of our net tangible assets after subtracting our total liabilities, and therefore potential investors will experience immediate dilution when they purchase our Shares in the Global Offering. If we were to distribute our net tangible assets to our Shareholders immediately following the Global Offering, potential investors would receive less than the amount they paid for their Shares.

We will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or other securities of the Company (subject to certain exceptions) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date. However, after six months from the Listing Date we may raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of the Company. As a result, the percentage shareholding of the then Shareholders may be diluted and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders. In addition, if we issue additional Shares or equity-linked securities in the future and such Shares are issued at a price lower than the net tangible asset value per Share at the time of their issuance, you and other purchasers of our Shares may experience further dilution in the net tangible asset value per Share.

RISK FACTORS

Future or perceived sales of substantial amounts of our Shares, in particular future or perceived sales of Shares by our existing Shareholders could affect our market price.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other related securities, or the perception that such sales may occur. Our ability to raise future capital at favorable times and prices may also be materially and adversely affected. Our Shares held by the Controlling Shareholders are currently subject to certain lock-up undertakings, the details of which are set out in “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules.” However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

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

Any declaration of dividends will be proposed by our Board of Directors, and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, capital requirements and surplus, contractual restrictions, future prospects and other factors which our Board of Directors may determine are important. See “Financial Information — Dividend and Distributable Reserves.” We cannot assure when, if and in what form dividends will be paid. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

Our management has significant discretion as to how to use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering. See “Future Plans and Use of Proceeds.”

Investors may experience difficulties in enforcing their Shareholder rights because we are incorporated in the Cayman Islands, and the protection afforded to minority Shareholders under Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

The Company is incorporated in the Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the company law of the Cayman Islands on protection of minority shareholders is set out in “Appendix IV — Summary of the Constitution of our Company and Cayman Islands Companies Law — 3. Cayman Islands Company Law.”

RISK FACTORS

Our Controlling Shareholders have substantial influence over the Company and their interests may not be aligned with the interests of Shareholders who subscribe for Shares in the Global Offering.

Immediately after the Global Offering, our Controlling Shareholders will directly or indirectly control the exercise of 79.2% of voting rights in the general meeting of the Company. See “Relationship with Controlling Shareholders.” The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of the Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

Since there will be a gap of several days between the pricing and trading of our Offer Shares, the price of our Offer Shares could fall below the Offer Price when trading commences.

The Offer Price of our Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until the Listing Date. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

We cannot guarantee the accuracy of facts, forecasts and statistics with respect to China, the PRC economy and our relevant industries contained in this Prospectus.

Certain facts, forecasts and statistics in this Prospectus relating to China, the PRC economy and industries relevant to us have been derived from information provided or published by PRC Government agencies, industry associations, independent research institutions or other third-party sources, and we can guarantee neither the quality nor reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of its or their respective affiliates or advisors. Therefore, we make no representation as to the accuracy of such facts, forecasts 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 published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or

RISK FACTORS

with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

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

This Prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to the Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend to publicly update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

You should read this entire Prospectus carefully and not consider or rely on any particular statements in this Prospectus or in published media reports without carefully considering the risks and other information in this Prospectus.

Prior or subsequent to the publication of this Prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials we published in compliance with the Listing Rules. Such press and media coverage may include references to information that does not appear in this Prospectus or is inaccurate. We have not authorized the publication of any such information contained in unauthorized press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the contents of this Prospectus, we expressly disclaim it. Accordingly, prospective investors should only rely on information included in this Prospectus and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the Offer Shares.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that, as our headquarters and principal business operations are located in the PRC, our management is best able to attend to its function by being based in the PRC. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, among others, the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Chen Hongni (陳弘倪), our executive Director, chief executive officer and president and Mr. Tan Mingheng (談銘恒) (“**Mr. Tan**”), our chief financial officer, vice president and joint company secretary, who will act as our Company’s principal channel of communication with the Stock Exchange. Although Mr. Chen Hongni and Mr. Tan reside in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire to travel to Hong Kong. In addition, Ms. Chen Chun (陳淳) (“**Ms. Chen**”), our joint company secretary who is an ordinarily resident in Hong Kong, has been appointed as the alternate to the two authorized representatives. Each of our authorized representatives and the alternate representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our authorized representatives and the alternate representative is authorized to communicate on our behalf with the Stock Exchange;
- (b) both our authorized representatives and the alternate representative have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her mobile phone number, residential phone number, fax number and email address to our authorized representatives and the alternate representative. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives and the alternate representative or maintain an open line of

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

communication via his/her mobile phone. Each of our Directors, the authorized representatives and the alternate authorized representative has also provided his/her mobile number, office phone number, fax number (if any) and email address to the Stock Exchange;

- (c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Maxa Capital Limited as our compliance advisor, which shall have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives, the alternate authorized representative or the compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will promptly inform the Stock Exchange of any changes of our authorized representatives, the alternate authorized representative and/or the compliance advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Tan and Ms. Chen as our joint company secretaries. Mr. Tan is our vice president and chief financial officer. He is primarily responsible for overseeing the financial operations of capital market and company secretarial affairs of our Group. Mr. Tan has over 20 years of finance experience and served in various real estate development companies in the PRC before joining our Group. He has also served as a joint company secretary of Zhenro Properties Group Limited (正榮地產集團有限公司) (stock code: 6158). Our Directors are of the view that, having regard to Mr. Tan's experience in serving as a joint company secretary of a listed company in Hong Kong as well as his thorough understanding of the financial operations and corporate governance matters of our Group, he is considered as a suitable person to act as a company secretary of the Company. In addition, as our headquarters and principal business operations are located in Shanghai, the PRC, our Directors believe that it is necessary to appoint Mr. Tan as a company secretary whose presence in Shanghai enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, Mr. Tan does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, our Company has appointed Ms. Chen an associate of The Hong Kong Institute of Chartered Secretaries and elected associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, who is qualified under Rules 3.28 of the Listing Rules to act as the other joint company secretary to work closely with and provide assistance to Mr. Tan.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Tan as our joint company secretary. Being the company secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited and by virtue of her experience in corporate secretarial practice, Ms. Chen is, in our Directors' opinion, a person who is qualified and suitable to provide assistance to Mr. Tan, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties. In addition, Mr. Tan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Mr. Tan has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

Such waiver will be revoked immediately if and when Ms. Chen ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Tan, having had the benefit of Ms. Chen's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

The biographical information of Mr. Tan and Ms. Chen is set out in "Directors and Senior Management" in this Prospectus.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement" in this Prospectus; and (ii) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — C. Continuing

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this Prospectus. See "Connected Transactions" in this Prospectus for details.

WAIVER IN RELATION TO PUBLIC FLOAT

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

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

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

- (a) 20.8% of the total issued share capital of the Company; or
- (b) such percentage of Share to be held by the public after the exercise of the Over-allotment Option of the enlarged issued share capital of our Company.

**WAIVERS FROM STRICT COMPLIANCE WITH THE
REQUIREMENTS UNDER THE LISTING RULES**

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

- (a) it is currently expected that our Company will have a market capitalization of HK\$14,400 million to HK\$18,600 million (without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option), exceeding the minimum threshold of HK\$10 billion as required under Rule 8.08(1)(d) of the Listing Rules;
- (b) it is currently expected that no less than 600,000,000 Shares will be offered under the Global Offering and the total gross proceeds are expected to be no less than HK\$3,300 million (assuming an Offer Price of HK\$5.50 and without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option). As a result it is expected that there will be sufficient shares available to satisfy investor demand in Hong Kong, notwithstanding the lower public float percentage;
- (c) pursuant to the Global Offering, the Shares will be offered to a broad range of investors, including the public in Hong Kong, professional and institutional investors and other investors expected to have a sizeable demand for the shares in and outside Hong Kong. Such a diverse investor base will further contribute to an active and liquid aftermarket in the trading of the Shares;
- (d) we undertake to make appropriate disclosure of the lower prescribed percentage of public float in this Prospectus and confirm sufficiency of the public float in our successive annual reports after the Listing; and
- (e) we will implement appropriate measures and mechanism to ensure continued maintenance of the minimum percentage of public float.

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 to the public 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 is neither misleading nor deceptive, and there are no other matters the omission of which would render any statement herein or this Prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This Prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this Prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in “Structure of the Global Offering” in this Prospectus.

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

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

UNDERWRITING

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined among us and the Joint Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date, subject to the agreement on the Offer Price to be determined between us and the Joint Representatives (for themselves and on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed among us and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) on or before Friday, November 13, 2020, the Global Offering will not proceed and will lapse. Further details about the Underwriters and the underwriting arrangements are contained in “Underwriting” in this Prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offer and sale of the Offer Shares described in this Prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this Prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and/or the Application Forms and the offer and sale of the Offer Shares in jurisdictions other than Hong Kong 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. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including Shares which may be issued pursuant to the Capitalization Issue and the Global Offering, and additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme).

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2019, being approximately RMB35,519.5 million, is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, based on the low end of the indicative Offer Price range and assuming that the Over-allotment Option is not exercised, exceeds HK\$4,000 million.

Except that we have applied for the Listing to the Stock Exchange, no part of the Share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

All 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 arrangements as such arrangements may affect their rights and interests.

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

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of our Company will be maintained by the Principal Share Registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and the branch register of members of our Company will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon the exercise of the Over-allotment Option will be registered on our Company's Hong Kong register of members

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

to be maintained in Hong Kong by the Hong Kong Share Registrar. Our Company's principal register of members will be maintained in the Cayman Islands by the Principal Share Registrar. Only Shares registered on our Company's Hong Kong register of members may be traded on the Stock Exchange.

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

Dealings in our Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, dealing in or exercising any rights attached to the Shares. None of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in or exercising any rights attached to the Shares.

APPLICATION PROCEDURES FOR THE HONG KONG OFFER SHARES

The application procedures for Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" of this Prospectus and the relevant Application Forms.

OVER-ALLOTMENT AND STABILIZATION

Further details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Global Offering" of this Prospectus. Unless otherwise specified, all relevant information in this Prospectus assumes no exercise of the Over-allotment Option.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, November 18, 2020, it is expected dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Wednesday, November 18, 2020. Shares will be traded in board lots of 1,000 Shares each.

The stock code for our Shares is 2599.

Our Company will not issue any temporary documents of title.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

CSRC APPROVAL AND OTHER RELEVANT AUTHORITIES APPROVAL

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into Hong Kong dollar amounts at the rates indicated or at all. Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars was made at the rate of RMB0.8636 to HK\$1.00, the exchange rate prevailing on October 20, 2020, set by the PBOC for foreign exchange transactions.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and its Chinese translation, the English version of this Prospectus shall prevail. If there is any inconsistency between the Chinese names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this Prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

In this Prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chen Guoxiang (陳國祥)	Xiangsheng Villa, Jiuxi Rose Garden East District, South Gate 111 Zhijiang Road, Xihu District Hangzhou City, Zhejiang Province China	Chinese
Mr. Chen Hongni (陳弘倪)	Windsor Place No. 92 No. 2222 Jianhe Road Changning District Shanghai China	Canadian
Ms. Yao Xiaozhen (姚筱珍)	Room 503, Block 12 Huajiachi, Binjiang Hangzhou City Zhejiang Province China	Chinese
Mr. Zhao Leiyi (趙磊義)	Room 702, Unit 2, Block 5 Saili Green City Garden Shangcheng Community Hangzhou City, Zhejiang Province China	Chinese
Independent Non-Executive Directors		
Mr. Wong Kon Man Jason (王幹文)	Flat A, 44/F, Block 3 14 Tregunter Path Tregunter, The Peak Hong Kong	Chinese
Mr. Ding Jiangang (丁建剛)	Room 702, Unit 2, Block 2 No. 4 Youyi Lane Shangcheng District Hangzhou City China	Chinese
Mr. Ma Hongman (馬紅漫)	Room 704, No. 54, Lane 99 Guangzhong West Road Zhabei District Shanghai China	Chinese

For further information about our Directors, please refer to “Directors and Senior Management” of this Prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

CCB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Representatives

CCB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Global Coordinators

CCB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Bookrunners

CCB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

BOCOM International Securities Limited

9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

**CMB INTERNATIONAL CAPITAL
LIMITED**

45/F Champion Tower
3 Garden Road
Central
Hong Kong

CRIC Securities Company Limited

Unit 2004&2403, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

**Emperio Securities And Assets
Management Limited**

20/F., Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

**Guotai Junan Securities (Hong Kong)
Limited**

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

**Haitong International Securities Company
Limited**

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Shenwan Hongyuan Securities (H.K.)
Limited**

Level 19, 28 Hennessy Road
Hong Kong

Valuable Capital Limited

Room 2811, 28th Floor
China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Yue Xiu Securities Company Limited

1003-1005, 10/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Joint Lead Managers

CCB International Capital Limited

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

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited

9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

**CMB INTERNATIONAL CAPITAL
LIMITED**

45/F Champion Tower
3 Garden Road
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CRIC Securities Company Limited

Unit 2004&2403, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

**Emperio Securities And Assets
Management Limited**

20/F., Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

**Guotai Junan Securities (Hong Kong)
Limited**

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

**Haitong International Securities Company
Limited**

22/F Li Po Chun Chambers,
189 Des Voeux Road Central
Hong Kong

**Shenwan Hongyuan Securities (H.K.)
Limited**

Level 19, 28 Hennessy Road
Hong Kong

Valuable Capital Limited

Room 2811, 28th Floor
China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Yue Xiu Securities Company Limited

1003-1005, 10/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**China Galaxy International Securities
(Hong Kong) Co., Ltd.**

20/F, Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

HTF Securities Limited

Unit 1807, 18/F., Office Tower
Convention Plaza, 1 Harbour Road
Wan Chai
Hong Kong

**Soochow Securities International
Brokerage Limited**

Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

Co-Lead Managers

Head & Shoulders Securities Limited

28-29/F, Queen's Road Centre
152 Queen's Road Central
Hong Kong

I Win Securities Limited

Room 1916, 19/F, Hong Kong Plaza
188 Connaught Road West
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal advisers to our Company

As to Hong Kong law:

Sidley Austin

Level 39
Two International Finance Center
8 Finance Street
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices

6F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District, Beijing
China

As to Cayman Islands law:

Conyers Dill & Pearman

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisers to the Joint Sponsors and the Underwriters

As to Hong Kong law:

Simpson Thacher & Bartlett

35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng

45/F, K.Wah Centre
1010 Huaihai Road(M)
Xuhui District, Shanghai
China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Auditor and reporting accountants

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Independent Property Valuer

**Jones Lang LaSalle Corporate Appraisal
and Advisory Limited**
7th Floor, One Taikoo Place
979 King's Road
Hong Kong

Industry Consultant

**Jones Lang LaSalle Corporate Appraisal
and Advisory Limited**
7th Floor, One Taikoo Place
979 King's Road
Hong Kong

Internal Control Consultant

SHINEWING Risk Services Limited
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Receiving banks

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

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in the PRC	Building 5 Henderson-CIFI Centre South Minhang District Shanghai PRC
Principal place of business in Hong Kong	40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Joint company secretaries	Mr. Tan Mingheng (談銘恒) No.67, Lane 3911 Zhennan Road, Jiading District Shanghai China Ms. Chen Chun (陳淳) (ACS, ACIS) 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Company's website	<u>http://www.shinsunholdings.com</u> <i>(the information contained on this website does not form part of this Prospectus)</i>
Authorized representatives	Mr. Chen Hongni (陳弘倪) Windsor Place No. 92 No. 2222 Jianhe Road Changning District Shanghai China Mr. Tan Mingheng (談銘恒) Building 5 Henderson-CIFI Centre South Minhang District Shanghai PRC

CORPORATE INFORMATION

Alternate authorized representative	Ms. Chen Chun (陳淳) 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Audit committee	Mr. Wong Kon Man Jason (<i>Chairman</i>) Mr. Ding Jiangang Mr. Ma Hongman
Remuneration committee	Mr. Ding Jiangang (<i>Chairman</i>) Mr. Chen Hongni Mr. Ma Hongman
Nomination committee	Mr. Chen Guoxiang (<i>Chairman</i>) Mr. Ding Jiangang Mr. Ma Hongman
Principal Share Registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Compliance Adviser	Maxa Capital Limited Unit 1908, Harbour Center 25 Harbour Road Wanchai Hong Kong

CORPORATE INFORMATION

Principal banks

Industrial and Commercial Bank of China Limited

Zhuji branch

No. 158 Jiyang Road
Jiyang Residential District
Shaoxing, Zhejiang Province
PRC

China Minsheng Bank

Ningbo Cixi branch

257 Suntang South Road
Cixi City, Ningbo
Zhejiang Province
PRC

Bank of China

Tiantai Count branch

167 Ren Min Xi Road, Tiantai Count
Taizhou City, Zhejiang Province
PRC

Ping An Bank

Hangzhou West Lake branch

1/F, Block A, Seasons Villa Europe and
America Center
18 Jiao Gong Road
West Lake Hangzhou
PRC

INDUSTRY OVERVIEW

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

INTRODUCTION

In connection with the Global Offering, we commissioned JLL, an Independent Third Party, to prepare the Industry Research Report with necessary information on the real estate markets in China and the regions and cities in which we operate. JLL has charged us a total fee of approximately RMB450,000 for the preparation of the Industry Research Report, which we believe is in line with the market rate for similar reports.

JLL is an international professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. JLL has 339 corporate offices, operates in more than 80 countries and has a global workforce of more than 93,000.

This section was prepared primarily by JLL's designated market research team based on the information and statistics collected from various government publications, site visits and interviews, recognized research institutions, and the proprietary database of JLL. The information and statistics are considered reliable.

The following sets out the main reasons for JLL to adopt the above sources of information and consider them as reliable: it is a general market practice to adopt official data and announcements from various Chinese government agencies, and JLL understands the data collection methodology and data source of its proprietary database and the subscribed database from CREIS (中國房地產指數系統).

INDUSTRY OVERVIEW

While preparing this section, JLL has relied on the assumptions listed below: (i) all documents provided by the Group are true and correct; (ii) all published data by the relevant Chinese government authorities are true and correct; (iii) and where subscribed data is obtained from recognized research and public institutions, JLL will rely upon the apparent integrity and expertise of such institutions. JLL makes no warranty or representation that these forecasts will be achieved since the real estate market is constantly fluctuating and changing. JLL will not take any responsibility to predict or warrant the future conditions of real estate market.

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

OVERVIEW OF THE PRC ECONOMY

As the world's second-largest economic entity, the PRC's nominal GDP has increased from RMB64,128 billion in 2014 to RMB99,087 billion in 2019, representing a CAGR of 9.1%. Despite the pressure of U.S. tariffs, the real GDP of the PRC still grew with 6.1% in 2019. During the last six years, the fixed asset investment ascended with a CAGR of 1.8% to RMB56,087 billion in 2019. In addition, actual utilized of foreign direct investment grew stably from USD119.6 billion in 2014 to USD138.1 billion in 2019. Meanwhile, per capita disposable income of urban households increased at a CAGR of 8.0% from RMB28,844 to RMB42,359. By the end of 2019, urbanisation rate of the PRC was 60.6%. The table below sets out selected economic indicators of the PRC for the years indicated:

Major economic indicators of the PRC (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Permanent Population (million)	1,368	1,375	1,383	1,390	1,395	1,400	0.5%
Nominal GDP (RMB billion)	64,128	68,599	74,006	82,075	90,031	99,087	9.1%
Real GDP growth rate (%)	7.3	6.9	6.7	6.8	6.6	6.1	N/A
Fixed asset investment (RMB billion)	51,202	56,200	60,647	64,124	64,568	56,087	1.8%
Per capita disposable income of urban households (RMB)	28,844	31,195	33,616	36,396	39,251	42,359	8.0%
Actual utilization of foreign direct investment (USD billion)	119.6	126.3	126.0	131.0	135.0	138.1	2.9%
Urbanisation rate (%)	54.8	56.1	57.4	58.5	59.6	60.6	N/A

Source: China Statistical Yearbook (2019), National Bureau of Statistics

INDUSTRY OVERVIEW

OVERVIEW OF REAL ESTATE MARKET IN THE PRC

Major Indicators of the Real Estate Market in the PRC

Although a series of tightening policies have been imposed by the PRC government since 2015 to cool down the overheating housing market, the real estate market has achieved meteoric growth in recent years, along with the rapid growth in economy and fixed asset investment. According to the National Bureau of Statistics (中國國家統計局), the real estate investment grew from RMB9,504 billion in 2014 to RMB13,219 billion in 2019 at a CAGR of 6.8%. In the meantime, the accelerating urbanisation and consumption upgrade have driven up the demand in the residential property market. The investment in residential properties registered RMB9,707 billion in 2019, representing a CAGR of 8.6% from 2014 to 2019. During the same period, GFA of residential properties sold rose with a CAGR of 7.4%, while the average price of residential properties surged to RMB9,287 per sq.m. in 2019 at a CAGR of 9.4%. Meanwhile, the increasing disposable income and consumption expenditure have boosted the demand in commercial property market, GFA of commercial properties sold jumped with a CAGR of 2.3% and the average price of commercial properties increased at a CAGR of 2.2%, reaching RMB10,952 per sq.m. in 2019. The table below sets out the selected real estate market indicators of the PRC for the years indicated:

Selected real estate market indicators of the PRC (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Real estate investment (RMB billion)	9,504	9,598	10,258	10,980	12,026	13,219	6.8%
Investment in residential properties (RMB billion)	6,435	6,460	6,870	7,515	8,519	9,707	8.6%
GFA of residential properties sold (million sq.m.)	1,052	1,124	1,375	1,448	1,479	1,501	7.4%
GFA of residential properties completed (million sq.m.)	809	738	772	718	660	680	(3.4%)
Average price of residential properties (RMB per sq.m.)	5,933	6,473	7,203	7,614	8,544	9,287	9.4%
Investment in commercial properties (RMB billion)	1,435	1,461	1,584	1,564	1,418	1,323	(1.6%)
GFA of commercial properties sold (million sq.m.)	91	93	108	128	120	102	2.3%
GFA of commercial properties completed (million sq.m.)	121	120	125	127	113	108	(2.2%)
Average price of commercial properties (RMB per sq.m.)	9,817	9,566	9,786	10,323	11,150	10,952	2.2%

Source: China Statistical Yearbook (2019), National Bureau of Statistics

Drivers of the Real Estate Market in the PRC

Further Development of Metropolitan Clusters

In March 2019, the Institute of China's Sustainable Urbanisation of Tsinghua University (清華大學中國新型城鎮化研究院) issued "2018 Development Report on the PRC Megalopolis" (《2018年中國都市圈發展報告》), stating that all the 34 megalopolises in the PRC covered 24% of the whole area, accounted for 59% of the total population and generated 77.8% of the total nominal GDP in 2018. In particular, as one of the essential strategic megalopolises, Yangtze River Delta Megalopolis (長江三角洲城市群) has enjoyed the most dynamic economic growth, highest degree of openness and most innovative ability. It covers the whole area of Shanghai, Jiangsu, Zhejiang and Anhui provinces, centralizing in 27 cities. According to the National Bureau of Statistics, Yangtze River Delta accounted for 16.2% of the total population and shared 23.9% of total nominal GDP of the PRC by the end of 2019. The flourishing economic environment and the increase in total population of Yangtze River Delta indicate the enormous demand for housing, leading to healthy development in the real estate market in the Yangtze River Delta.

Accelerating Urbanisation

In recent years the restriction removal of "One-Child Policy" ("獨生子女政策") and the reform of "HUKOU Policy" ("戶口政策") have contributed to the increase in urban population in the PRC. According to the National Bureau of Statistics, the urban population registered 848 million in 2019 with a CAGR of 2.5% between 2014 and 2019. Accompanied with the increasing level and quality of urbanisation, the urbanisation rate reached 60.6% by the end of 2019. The sustained growth in urbanisation rate could level up the demand for residential properties, leading to the development of the real estate market of the PRC.

An Increase in Disposable Income and Expenditure of Urban Households

The rapid economic development of the PRC has improved living standard of people, represented by the steady growth of both income and expenditure from 2014 to 2019. According to the National Bureau of Statistics, per capita disposable income of urban households grew from RMB28,844 in 2014 to RMB42,359 in 2019 at a CAGR of 8.0%, while per capita consumption expenditure of urban households rose from RMB19,968 to RMB28,063 with a CAGR of 7.0% for the same time period. The increasing disposable income has stimulated people to pursue a higher living standard and thus promoted the development of the real estate market in the PRC.

Recent Development of the Real Estate Policies in the PRC

The PRC government plays a vital role in the real estate market and has issued a series of legislative measures consisting of monetary, fiscal, financing and land policies to cool down and stabilise the real estate market. The principle of "Housing is for living in, but not for speculations" ("房子是用來住的,不是用來炒的") was firstly proposed in 2016 and has been

INDUSTRY OVERVIEW

implemented since then. In 2018 the PRC government published “city-specific policies and category-specific guidance” (“因城施策分類指導”), announcing that in order to regulate the real estate market, cities may set policies according to their own situations.

In the first half of 2019, the real estate market of the PRC demonstrated an overheating trend, and the PRC government restated the above policies so as to establish a long-term mechanism for the healthy development of real estate market and reduce the economy’s reliance on real estate market. During the second half of 2019, in order to control the financing of real estate developers and further avoid using real estate industry as the short-term stimulus for the economy, the PRC government issued policies including restricting the issuance of foreign debts and strictly investigating and punishing all kinds of illegal behaviours of funds flowing into the real estate industry.

THE COVID-19 OUTBREAK AND ITS IMPACT ON THE REAL ESTATE MARKET IN THE PRC

The COVID-19 outbreak which came in January 2020 has significantly affected the real estate market activities and customer sentiments in the short run. All segments of China’s real estate industry have been influenced more or less. The real estate market in China is under pressure in short term as the COVID-19 outbreak has curbed demand and off-plan sales, while the impact is likely to ease after the second quarter of 2020. The impact of the issue mainly depends on the duration of the pandemic, the response of policy and the response capabilities of market players in the industry. It is expected that the government is actively responding to the issue by formulating fiscal policy, monetary policy, and related real estate policies. The market demand is anticipated to be stabilized, supported by the development of metropolitan clusters, on-going urbanisation process and, rigid and upgrading demand. In this case, we keep the judgment that the fundamentals of the real estate market in the PRC will remain stable and resilient in the medium and long term.

COMPETITIVE LANDSCAPE AND OUR MARKET POSITION

Competitive Landscape

The real estate market in the PRC is relatively competitive, especially for residential property market. According to the National Bureau of Statistics, by the end of 2018, there were 97,937 real estate developers in the PRC, among of them Zhejiang Province owned 6,818 real estate developers and most of them were focusing on residential properties development. With the growth of the real estate market scale and increase of competition, the scale of giant real estate developers is likely to maintain rapid growth. According to CRIC (中國房地產決策諮詢數據平台), from 2015 to 2018, for top 10, 30, 50 and 100 real estate developers, the market share by contracted sales grew rapidly. For top 30 developers, the market share increased from 26.6% in 2015 to 45.2% in 2018, and for top 50 developers, the market share reached 55.1% in 2018, 23.0 percentage points higher than that in 2015. The table below sets out the market share of the top 10, 30, 50 and 100 real estate developers by contracted sales in the PRC for the years indicated:

INDUSTRY OVERVIEW

The real estate market share by contracted sales in the PRC (2015-2018)

	2015	2016	2017	2018
Top 10 real estate developers	17.0%	18.7%	24.2%	26.9%
Top 30 real estate developers	26.6%	29.4%	38.4%	45.2%
Top 50 real estate developers	32.1%	35.3%	45.9%	55.1%
Top 100 real estate developers	40.0%	44.8%	55.5%	66.7%

Source: CRIC

Started from Zhejiang Province and expanded to Pan-Yangtze River Delta Region, the Group competes with other developers, including four fast-growing national and regional real estate developers, who have similar background with the Group. According to CREIS, from 2016 to 2019, the contracted sales of the Group in the PRC grew dramatically with a CAGR of 89.5%, ranked 1st among above competitors. Furthermore, according to CREIS and CRIC, in 2019, the Group ranked 3rd in terms of contracted sales and newly-added land reserve in the PRC, and ranked 2nd in terms of contracted sales in Zhejiang Province among these competitors. The table below sets out the ranking of the Group and competitors in 2019:

The rank of the Group and competitors in 2019

Company	Ranked by contracted sales 2016-2019 CAGR	Contracted sales 2016-2019 CAGR	Ranked by contracted sales in the PRC	Ranked by newly- added land reserve in the PRC	Ranked by contracted sales in Zhejiang Province
The Group	1	89.5%	3	3	2
Company A	2	65.4%	2	1	N/A
Company B	3	58.0%	1	2	N/A
Company C	4	47.6%	4	5	1
Company D	5	41.8%	5	4	3

Source: CREIS, CRIC, compiled by JLL

The Group competes with them in terms of financial investment, land acquisition, brand recognition, product quality and property service by implementing its ‘1+1+X’ development strategy, detailed researching on more than 200 cities, forming a product value system based on the idea of “Happy Life Operator” (“幸福生活運營商”) and standardizing the management strategy. Meanwhile, the Group devotes to strengthening its market position in Zhejiang Province and Pan-Yangtze River Delta Region, while strategically looking for opportunities to expand into other cities with high growth potential beyond this region.

INDUSTRY OVERVIEW

Market Position

In 1995, Shinsun Property was officially established in Zhuji City in Zhejiang Province. The Group holds a grade one real estate development qualification. With around 25 years of development, the Group gradually evolved into a national property developer from a Zhejiang-based developer. In the period of last few years, the contracted sales of the Group has been growing dramatically. According to CRIC and the National Bureau of Statistics, contracted sales of the Group accounted for 0.73% of the PRC market in 2019, increasing rapidly from 0.42% in 2017, with the ranking grew from 35th in 2017 to 28th in 2019 among all the developers in the PRC. Meanwhile, the Group has made great progress not only in contracted sales, but also in other aspects. In terms of comprehensive performance¹, based on the ranking by China Real Estate Industry Association (中國房地產業協會), the ranking of the Group jumped from 50th in 2017 to 27th in 2020, reflecting the improvements in its sales, profitability and operation. Besides, in terms of customer satisfaction, the Group was at the same level as top 20 property developers in the PRC with a score of 87 in 2019, five points higher than industry average, according to CREIS.

Deeply rooted in Zhejiang Province and expanded to Pan-Yangtze River Delta Region, the Group has established a predominant position in Zhejiang Province, and has performed well in Yangtze River Delta. According to CREIS and the Bureau of Statistics of Zhejiang, in 2019, the Group ranked 3rd in terms of contracted sales among all property developers in Zhejiang Province, accounting for 5.1% of the provincial property contracted sales. Furthermore, the Group has covered all prefecture-level cities in Zhejiang Province. Especially in some cities in the province such as Shaoxing, the Group holds its absolute advantage in terms of sales performance² through quality properties, satisfying service and high customer loyalty. While among all developers in Yangtze River Delta, the Group ranked 14th in terms of the sales performance in 2019.

THE REAL ESTATE MARKET OF SELECTED PROVINCES AND CITIES IN THE PRC

Geographic Presence

The Group has established its operation in Zhejiang Province and further expanded to Pan-Yangtze River Delta Region, which is the most economically prosperous region in China, including Shanghai, Jiangsu, Anhui, Shandong and Jiangxi provinces. According to the National Bureau of Statistics, by the end of 2019, Zhejiang Province and Pan-Yangtze River Delta Region accounted for 26.7% of total population of the PRC, and shared 33.6% of total nominal GDP of the PRC. Specifically, at the city level, the Group would intend to further

1 Comprehensive performance: the ranking is based on scale, sales performance, profitability and operation management.

2 Sales performance: the ranking is based on the amount of contracted sales, the area of contracted sales, sales rate, customer satisfaction.

INDUSTRY OVERVIEW

enhance the market position in some flourished cities for real estate investment in Zhejiang Province and Pan-Yangtze River Delta Region, including but not limited to Shanghai, Hangzhou, Ningbo, Shaoxing, Wenzhou, Taizhou, Jiaxing, Nanjing, Wuhu and Jinan.

The following discussion provides certain information relating to selected provinces and cities in Zhejiang Province and Pan-Yangtze River Delta Region where the Group has located its property projects, based on the city's revenue contribution and land bank to the Group, as well as its importance to the Group's development strategy.

Shanghai Municipality

Shanghai is a direct-controlled municipality of the PRC. Located at the mouth of the Yangtze river makes the city become the center of Yangtze River Delta. In 2019, Shanghai had a total area of 6,340 sq.km., with 24.3 million citizens. As an international economic, financial, trade, shipping, scientific and technological innovation center, Shanghai is one of the central cities in the PRC. The nominal GDP of Shanghai grew continuously from RMB2,406.8 billion in 2014 to RMB3,815.5 billion in 2019, representing a CAGR of 9.7%. In terms of the Thirteenth Five-Year Plan (十三五規劃) of the Shanghai Municipal Government, Shanghai would play a leading role in the development of the Yangtze River Delta and the PRC. With the support of modernized industrial structure, technology innovation and government policy, the city's robust economic growth is highly ensured for the following years. The table below sets out selected economic indicators relating to Shanghai for the years indicated:

Selected economic indicators of Shanghai (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	2,406.8	2,565.9	2,818.4	3,063.3	3,268.0	3,815.5	9.7%
Real GDP growth rate (%)	7.1	7.0	6.8	6.9	6.6	6.0	N/A
Per capita disposable income of urban households (RMB)	47,710	52,962	57,692	62,596	68,034	73,615	9.1%
Fixed asset investment (RMB billion)	601.6	635.3	675.6	724.7	N/A	N/A	6.4%*
Urbanisation rate (%)	89.6	87.6	87.9	N/A	N/A	N/A	N/A
Average Annual Wage of Construction Worker (RMB)	73,620	80,941	88,034	96,580	110,117	N/A	10.6%**
Purchasing Price Index for Building Materials (Preceding year=100)	102.3	94.2	98.1	111.5	109.2	N/A	N/A

Source: Shanghai Statistical Yearbook (2015-2019), Bureau of Statistics of Shanghai, National Bureau of Statistics

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

INDUSTRY OVERVIEW

Despite the soaring price level and housing restriction policies, Shanghai's real estate market still grew rapidly these years. Investment in residential properties experienced a steady growth from RMB173.1 billion in 2014 to RMB231.8 billion in 2019 at a CAGR of 6.0%. During the same period, due to the speculative demand, the average price of residential properties grew to RMB32,926 per sq.m. in 2019, representing a CAGR of 14.9%. In 2016, due to the prosperity of the residential properties market and reduction in residential land supply, the residential land market in Shanghai was overheated, resulting in the average residential land price dramatically increased to RMB 32,743 per sq.m. In the near future, strong purchasing power and limited land supply are contributing to a stable price level and further boosting the real estate market development in Shanghai. The table below sets out selected residential property market indicators in Shanghai for the years indicated:

Residential property market indicators of Shanghai (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	173.1	182.3	198.0	215.9	222.6	231.8	6.0%
GFA of residential properties completed (million sq.m.)	15.5	16.2	15.6	19.0	17.3	14.5	(1.3%)
GFA of residential properties sold (million sq.m.)	17.8	20.1	20.2	13.4	13.3	13.5	(5.3%)
Average price of residential properties (RMB per sq.m.)	16,415	21,501	25,910	24,866	28,981	32,926	14.9%
Average residential land price (RMB per sq.m.)	19,483	18,815	32,743	17,196	21,071	20,517	1.0%

Source: Shanghai Statistical Yearbook (2015-2019), Bureau of Statistics of Shanghai, CREIS

Zhejiang Province

Zhejiang Province is located on the southeast coast of the PRC and the southern part of the Yangtze River Delta. It covers a total land area of around 105,500 sq.km. with a population of 58.5 million by the end of 2019. With flourishing private economy, developed high-tech industry, manufacture industry and information service industry, Zhejiang Province becomes one of the most economically vigorous provinces in the PRC. The nominal GDP of Zhejiang Province grew rapidly from RMB4,017.3 billion in 2014 to RMB6,235.2 billion in 2019, representing a CAGR of 9.2%. The table below sets out selected economic indicators relating to Zhejiang Province for the years indicated:

Selected economic indicators of Zhejiang (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	4,017.3	4,288.6	4,725.1	5,176.8	5,619.7	6,235.2	9.2%
Real GDP growth rate (%)	7.6	8.0	7.6	7.8	7.1	6.8	N/A
Per capita disposable income of urban households (RMB)	40,393	43,714	47,237	51,261	55,574	60,182	8.3%

INDUSTRY OVERVIEW

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Fixed asset investment (RMB billion)	2,355.5	2,666.5	2,957.1	3,112.6	N/A	N/A	9.7%*
Urbanisation rate (%)	64.9	65.8	67.0	68.0	68.9	70.0	N/A
Average Annual Wage of Construction Worker in Urban Units (RMB)	46,149	48,279	50,350	51,879	56,265	N/A	5.1%**
Purchasing Price Index for Building Materials (Preceding year=100)	100.9	96.3	95.7	117.0	122.1	N/A	N/A

Source: Zhejiang Statistical Yearbook (2015-2019), Bureau of Statistics of Zhejiang

Note: * is calculated based on the data from 2014 to 2017

** is calculated based on the data from 2014 to 2018

Affected by the high inventory of residential properties, the real estate market in Zhejiang Province decreased slightly from 2014. It started to recover after Zhejiang Provincial Government introduced series of “Supply-side Structural Reform” (“供給側改革”) measures in 2016 to destock residential property inventories. Investment in residential properties experienced a rapid growth from RMB459.4 billion in 2014 to RMB772.7 billion in 2019 at a CAGR of 11.0%. Meanwhile, the average price of residential properties rose to RMB16,303 per sq.m. in 2019 with a CAGR of 9.1% from 2014 to 2019. For the following years, inflowing talent program and improvement of the “HUKOU Policy” (“戶口政策”) would possibly stimulate a steady growth in permanent population and further support a stable properties demand. Meanwhile, the renovation of shanty towns and construction of four metropolitan circles would possibly keep a stable land supply. The table below sets out selected residential property market indicators in Zhejiang Province for the years indicated:

Residential property market indicators of Zhejiang (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	459.4	445.1	480.7	564.6	715.6	772.7	11.0%
GFA of residential properties completed (million sq.m.)	41.6	39.4	50.9	43.4	30.5	N/A	(7.5%)*
GFA of residential properties sold (million sq.m.)	39.4	51.3	72.3	76.7	79.4	78.0	14.6%
Average price of residential properties (RMB per sq.m.)	10,526	10,755	11,447	13,430	15,242	16,303	9.1%
Average residential land price (RMB per sq.m.)	5,865	6,659	11,246	12,476	12,602	14,102	19.2%

Source: Zhejiang Statistical Yearbook (2015-2019), Bureau of Statistics of Zhejiang, National Bureau of Statistics, CREIS

Note: * is calculated based on the data from 2014 to 2018

INDUSTRY OVERVIEW

Hangzhou City

Hangzhou, the capital city of Zhejiang Province, is one of the 15 sub-provincial cities in the PRC. It lies at the head of Hangzhou Bay, occupying a total land area of 16,853 sq.km. with a permanent population of 10.4 million by the end of 2019. Hangzhou is the vice center of Yangtze River Delta and the core city of Hangzhou Metropolitan Circle (杭州都市圈). Benefited from the informatization development, the digital economy in Hangzhou has made huge progress, becoming an important engine for Hangzhou's economic growth. The nominal GDP of Hangzhou grew from RMB920.6 billion in 2014 to RMB1,537.3 billion in 2019 with a CAGR of 10.8%. The promising economic development and capital agglomeration effect of Hangzhou are likely to support the real estate market with rigid demand for the following years. The table below sets out selected economic indicators relating to Hangzhou for the years indicated:

Selected economic indicators of Hangzhou (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	920.6	1,005.0	1,131.4	1,260.3	1,350.9	1,537.3	10.8%
Real GDP growth rate (%)	8.2	10.2	9.6	8.1	6.7	6.8	N/A
Per capita disposable income of urban households (RMB)	44,632	48,316	52,185	56,276	61,172	66,068	8.2%
Fixed asset investment (RMB billion)	495.3	555.6	584.2	585.7	N/A	N/A	5.7%*
Urbanisation rate (%)	75.1	75.3	76.2	76.8	77.4	78.5	N/A
Average Annual Wage of Construction Worker (RMB)	47,542	50,475	52,269	54,299	59,181	N/A	5.6%**
Purchasing Price Index for Building Materials (Preceding year=100)	105.7	96.9	99.0	117.1	120.9	N/A	N/A

Source: Hangzhou Statistical Yearbook (2015-2019), Bureau of Statistics of Hangzhou, Bureau of Statistics of Zhejiang

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

The real estate market in Hangzhou rose quickly in recent years because rapid economic growth and industrial upgrading in Hangzhou has attracted a growing number of people, leading to rigid demand of residential properties. Investment in residential properties experienced a positive trend at a CAGR of 9.9% from 2014 to 2018, reaching RMB195.3 billion in 2018. In addition, the average price of residential properties rose dramatically with a CAGR of 13.6% between 2014 and 2019. In the future, the urban environment promotion with the positive economic outlook in Hangzhou is anticipated to attract durative investment in real estate market. Inflowing talent program and improvement of the “Points-based HUKOU System” (“積分落戶制”) would attract population, lead to a substantial demand and further support the real estate market. The table below sets out selected residential property market indicators in Hangzhou for the years indicated:

INDUSTRY OVERVIEW

Residential property market indicators of Hangzhou (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	133.7	144.2	156.0	171.3	195.3	N/A	9.9%*
GFA of residential properties completed (million sq.m.)	13.5	16.0	14.4	14.7	11.1	9.6	(6.5%)
GFA of residential properties sold (million sq.m.)	9.5	12.9	18.9	15.2	13.3	12.8	6.2%
Average price of residential properties (RMB per sq.m.)	14,035	14,748	16,211	21,225	24,360	26,522	13.6%
Average residential land price (RMB per sq.m.)	12,233	15,555	29,782	31,189	33,831	30,925	20.4%

Source: Hangzhou Statistical Yearbook (2015-2019), Bureau of Statistics of Hangzhou, CREIS

Note: * is calculated based on the data from 2014 to 2018

Ningbo City

Ningbo is a sub-provincial city located in the east part of Zhejiang Province, occupying a total land area of 9,365 sq.km. with a permanent population of 8.5 million in 2019. It lies on the east coast of Zhejiang Province and is separated from Shanghai by Hangzhou Bay on the north side. Ningbo is the economic center of the southern part of Yangtze River Delta and the core city of Ningbo Metropolitan Circle (寧波都市圈). The three pillar industries including chemical industry, textile and garment industry and machinery industry, have been the driving force of Ningbo's economy. Its nominal GDP grew from RMB773.2 billion to RMB1,198.5 billion with a CAGR of 9.2% from 2014 to 2019. In the Thirteenth Five-Year Plan of Ningbo Municipal Government, the nominal GDP of Ningbo is anticipated to keep growing with an average annual growth rate of 7.5%. The table below sets out selected economic indicators relating to Ningbo for the years indicated:

Selected economic indicators of Ningbo (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	773.2	813.9	868.6	984.2	1,074.6	1,198.5	9.2%
Real GDP growth rate (%)	7.6	8.1	7.1	7.8	7.0	6.8	N/A
Per capita disposable income of urban households (RMB)	44,155	47,852	51,560	55,656	60,134	64,886	8.0%
Fixed asset investment (RMB billion)	398.9	450.7	496.1	501.0	N/A	N/A	7.9%*
Urbanisation rate (%)	70.3	71.1	71.9	72.4	72.9	73.6	N/A
Average Annual Wage of Construction Worker (RMB)	54,729	58,239	63,195	63,033	67,959	N/A	5.6%**
Purchasing Price Index for Building Materials (Preceding year=100)	100.4	95.0	97.5	122.2	130.2	N/A	N/A

Source: Ningbo Statistical Yearbook (2015-2019), Bureau of Statistics of Ningbo, Bureau of Statistics of Zhejiang

Note: * is calculated based on the data from 2014 to 2017

** is calculated based on the data from 2014 to 2018

INDUSTRY OVERVIEW

Ningbo Municipal Government introduced a series of subsidy policies in 2016, which increased property demand and led to a recovery in Ningbo's real estate market. The investment in residential properties generally demonstrated an upward trend, reaching RMB110.2 billion in 2018 with a CAGR of 9.3% from 2014 to 2018. Additionally, the average price of residential properties rose to RMB15,956 per sq.m. in 2019 at a CAGR of 7.9% from 2014 to 2019. In the next few years, with the lowest residential land acquisition price of GFA among major cities in the Yangtze River Delta, Ningbo is likely to attract investment in the real estate market. The table below sets out selected residential property market indicators in Ningbo for the years indicated:

Residential property market indicators of Ningbo (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	77.3	74.8	79.3	93.2	110.2	N/A	9.3%*
GFA of residential properties completed (million sq.m.)	8.8	9.6	12.0	9.4	3.7	N/A	(19.5%)*
GFA of residential properties sold (million sq.m.)	6.0	8.5	11.3	12.8	13.0	N/A	21.5%*
Average price of residential properties (RMB per sq.m.)	10,890	11,022	11,738	14,145	16,202	15,956	7.9%
Average residential land price (RMB per sq.m.)	5,364	7,671	12,268	9,247	8,988	12,418	18.3%

Source: Ningbo Statistical Yearbook (2015-2019), Bureau of Statistics of Ningbo, CREIS

Note: * is calculated based on the data from 2014 to 2018

Shaoxing City

Shaoxing is a prefecture-level city located in the middle-north of Zhejiang Province. It lies on the south bank of the Qiantang River, covering a total land area of 8,273 sq.km. with a permanent population of 5.1 million by the end of 2019. It is a member city of Hangzhou Metropolitan Circle and core area of Yangtze River Delta. In the past few years, Shaoxing enjoyed a steady economic development from industrial upgrading and high-tech innovation. Its nominal GDP increased from RMB426.6 billion in 2014 to RMB578.1 billion in 2019 at a CAGR of 6.3%. Both promising economy and increasing urbanisation are going to provide solid support for the local real estate market. The table below sets out selected economic indicators relating to Shaoxing for the years indicated:

Selected economic indicators of Shaoxing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	426.6	446.6	478.9	507.8	541.7	578.1	6.3%
Real GDP growth rate (%)	7.5	7.1	5.5	7.1	7.1	7.2	N/A
Per capita disposable income of urban households (RMB)	43,167	46,747	50,305	54,445	59,049	63,935	8.2%

INDUSTRY OVERVIEW

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Fixed asset investment (RMB billion)	230.5	258.3	288.2	311.6	N/A	N/A	10.6%*
Urbanisation rate (%)	62.1	63.2	64.3	65.5	66.6	68.4	N/A
Average Annual Wage of Construction Worker (RMB)	47,215	47,265	50,581	52,734	56,614	N/A	4.6%**

Source: Shaoxing Statistical Yearbook (2015-2019), Bureau of Statistics of Shaoxing, Bureau of Statistics of Zhejiang

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

Due to the relaxation of purchase restriction in 2014 and lower price level caused by the gap in economic development, Shaoxing attracted some speculative demand, resulting in a steady growth of the real estate investment since 2014. Investment in residential properties rose at a CAGR of 6.2% from RMB46.6 billion in 2014 to RMB63.0 billion in 2019. Meanwhile, the average price of residential properties grew to RMB13,945 per sq.m. in 2019, representing a CAGR of 11.5%. For the following years, the increased urbanisation, higher education develop plan and inflowing talent program are expected to attract more people to Shaoxing, and further strengthen the purchasing power. The table below sets out selected residential property market indicators in Shaoxing for the years indicated:

Residential property market indicators of Shaoxing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	46.6	42.8	43.1	50.3	63.4	63.0	6.2%
GFA of residential properties completed (million sq.m.)	5.9	4.7	8.1	4.1	3.8	N/A	(10.5%)*
GFA of residential properties sold (million sq.m.)	4.4	5.9	6.7	8.5	8.4	N/A	17.5%*
Average price of residential properties (RMB per sq.m.)	8,080	8,195	8,116	9,429	12,574	13,945	11.5%
Average residential land price (RMB per sq.m.)	2,644	3,301	4,483	8,562	9,362	10,389	31.5%

Source: Shaoxing Statistical Yearbook (2015-2019), Bureau of Statistics of Shaoxing, CREIS

*Note: * is calculated based on the data from 2014 to 2018*

Wenzhou City

Wenzhou is located in the south coast of Zhejiang Province, covering a total land area of 12,083 sq.km. with 9.3 million citizens by the end of 2019. It is a member of core area of Yangtze River Delta and the central city of Western Taiwan Straits Economic Zone (海峽西岸經濟區). Wenzhou is one of the most important birthplace of China's private economy and the joint-stock cooperative economy. With the steady growth of light industry, Wenzhou's economy has grown rapidly in recent years. Its nominal GDP increased at a CAGR of 9.0% from

INDUSTRY OVERVIEW

RMB430.3 billion in 2014 to RMB660.6 billion in 2019. Wenzhou's continuously strengthened economy and high urbanisation rate are expected to be two important engines to support the development of the real estate market. The table below sets out selected economic indicators relating to Wenzhou for the years indicated:

Selected economic indicators of Wenzhou (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	430.3	461.8	510.2	541.2	600.6	660.6	9.0%
Real GDP growth rate (%)	7.2	8.3	8.4	8.4	7.8	8.2	N/A
Per capita disposable income of urban households (RMB)	40,510	44,026	47,785	51,866	56,097	60,957	8.5%
Fixed asset investment (RMB billion)	305.3	345.6	390.6	417.8	N/A	N/A	11.0%*
Urbanisation rate (%)	67.2	68.0	69.0	69.7	70.0	70.5	N/A
Average Annual Wage of Construction Worker (RMB)	41,182	42,071	43,381	45,044	46,380	N/A	3.0%**
Purchasing Price Index for Building Materials (Preceding year=100)	100.5	94.4	93.7	106.2	117.5	N/A	N/A

Source: Wenzhou Statistical Yearbook (2015-2019), Bureau of Statistics of Wenzhou, Bureau of Statistics of Zhejiang

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

Due to the high inventory of residential properties, the real estate market in Wenzhou dropped slightly from 2014 to 2015. Since 2016, the local government introduced a series of supportive policies, the market started to recover. Investment in residential properties increased from RMB55.2 billion in 2014 to RMB91.9 billion in 2018, representing a CAGR of 13.6%. From 2014 to 2019, the average price of residential properties fluctuated at a CAGR of 2.6%. In the next few years, growing land supply due to urban renewal in Wenzhou and strong purchasing demand brought by large scale of population would probably promote the healthy development of the real estate market. The table below sets out selected residential property market indicators in Wenzhou for the years indicated:

Residential property market indicators of Wenzhou (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	55.2	51.9	67.2	77.4	91.9	N/A	13.6%*
GFA of residential properties completed (million sq.m.)	3.9	4.3	5.3	4.6	3.4	N/A	(3.9%)*
GFA of residential properties sold (million sq.m.)	3.8	4.6	6.4	8.0	9.8	9.2	19.1%
Average price of residential properties (RMB per sq.m.)	13,844	12,631	14,149	13,984	14,394	15,776	2.6%
Average residential land price (RMB per sq.m.)	8,299	14,687	17,807	16,123	16,234	19,998	19.2%

INDUSTRY OVERVIEW

Source: Wenzhou Statistical Yearbook (2015-2019), Bureau of Statistics of Wenzhou, CREIS

*Note: * is calculated based on the data from 2014 to 2018*

Taizhou City

Taizhou lies on the east coast of Zhejiang Province. It covers a total land area of 10,050 sq.km. with 6.2 million people by the end of 2019. Taizhou is located in the core area of Yangtze River Delta and Ningbo Metropolitan Circle (寧波都市圈). Taizhou is considered as a birthplace of China's private economy. Along with the innovation and development of manufacturing-based private economy, the city has experienced a fast economic growth recently. Its nominal GDP grew from RMB338.7 billion in 2014 to RMB513.4 billion in 2019 with a CAGR of 8.7%. The strengthened economy and accelerated urbanisation would probably support the development of real estate market in Taizhou. The table below sets out selected economic indicators relating to Taizhou for the years indicated:

Selected economic indicators of Taizhou (2014-2019)

	2014-2019						
	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion)	338.7	355.4	389.9	440.7	487.5	513.4	8.7%
Real GDP growth rate (%)	7.5	6.4	7.8	8.1	7.6	5.1	N/A
Per capita disposable income of urban households (RMB)	39,763	43,266	47,162	51,374	55,705	60,351	8.7%
Fixed asset investment (RMB billion)	176.6	199.6	227.3	251.8	N/A	N/A	12.6%*
Urbanisation rate (%)	59.5	60.3	61.3	62.2	63.0	63.7	N/A
Average Annual Wage of Construction Worker (RMB)	41,206	40,849	43,423	45,130	49,520	N/A	4.7%**
Purchasing Price Index for Building Materials (Preceding year=100)	102.9	97.8	94.8	117.5	119.1	N/A	N/A

Source: Taizhou Statistical Yearbook (2015-2019), Bureau of Statistics of Taizhou, Bureau of Statistics of Zhejiang

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

Due to the high inventory of the residential properties and related subsidy policies implemented afterwards, the real estate market in Taizhou fluctuated in recent years. Investment in residential properties fluctuated with a CAGR of 7.9% between 2014 and 2018. Additionally, the average price of residential properties increased from RMB9,674 per sq.m. in 2014 to RMB12,419 per sq.m. in 2019, representing a CAGR of 5.1%. In the next few years, with the further participation of private economy in the real estate market and the growing land supply due to the expansion of urban area, the investment in properties is anticipated to rise steadily. Growing urbanisation rate and the accelerating fusion of urban area could attract more population, driving the demand for the real estate market. The table below sets out selected residential property market indicators in Taizhou for the years indicated:

INDUSTRY OVERVIEW

Residential property market indicators of Taizhou (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	33.3	27.3	26.3	29.9	45.1	N/A	7.9%*
GFA of residential properties completed (million sq.m.)	2.2	2.5	3.6	2.9	2.5	N/A	2.4%*
GFA of residential properties sold (million sq.m.)	2.7	3.5	5.3	6.2	6.1	6.3	18.2%
Average price of residential properties (RMB per sq.m.)	9,674	9,727	9,956	10,267	12,682	12,419	5.1%
Average residential land price (RMB per sq.m.)	6,085	4,133	6,393	11,008	10,719	10,654	11.9%

Source: Taizhou Statistical Yearbook (2015-2019), Bureau of Statistics of Taizhou, CREIS

Note: * is calculated based on the data from 2014 to 2018

Jiaxing City

Jiaxing is located in the northeast part of Zhejiang Province, covering a total land area of 3,915 sq.km. with a permanent population of 4.8 million in 2019. Jiaxing is the only city that borders both Hangzhou, the capital city of Zhejiang Province and Shanghai, the economic hub of the PRC. It is a member city of Hangzhou Metropolitan Circle and the core area of Yangtze River Delta. Benefited from its supportive government policies and unique strategic position, the economy in Jiaxing developed steadily in recent years. Its nominal GDP increased from RMB335.3 billion in 2014 to RMB537.0 billion in 2019 with a CAGR of 9.9%. The adjustment of the industrial structure and promising economy in Jiaxing both provide a solid backing for local real estate market. The table below sets out selected economic indicators relating to Jiaxing for the years indicated:

Selected economic indicators of Jiaxing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	335.3	351.8	386.2	438.1	487.2	537.0	9.9%
Real GDP growth rate (%)	7.5	7.0	7.1	7.8	7.6	7.0	N/A
Per capita disposable income of urban households (RMB)	42,143	45,499	48,926	53,057	57,437	61,940	8.0%
Fixed asset investment (RMB billion)	222.1	251.4	279.0	301.0	224.3	N/A	0.2%*
Urbanisation rate (%)	59.2	60.9	62.9	64.5	66.0	67.4	N/A
Average Annual Wage of Construction Worker (RMB)	43,041	67,149	71,456	62,054	79,508	N/A	16.6%*
Purchasing Price Index for Building Materials (Preceding year=100)	105.2	99.4	95.2	119.6	126.4	N/A	N/A

Source: Jiaxing Statistical Yearbook (2015-2019), Bureau of Statistics of Jiaxing, Bureau of Statistics of Zhejiang

Note: * is calculated based on the data from 2014 to 2018

INDUSTRY OVERVIEW

Due to the relatively low price compared to surrounding cities, investment sentiment of residential market in Jiaxing showed a general upward trend recently. Investment in residential properties bottomed out in 2015, and then recovered rapidly to RMB76.8 billion in 2018 with a CAGR of 22.5% from 2014 to 2018. Besides, the average price of residential properties grew rapidly at a CAGR of 14.8% between 2014 and 2019, reaching RMB13,967 per sq.m. in 2019. For the following years, Jiaxing is going to fully integrate with Shanghai Metropolitan Circle (上海都市圈) and Hangzhou Metropolitan Circle. Jiaxing would also promote urban renewal and construction of characteristic town, aiming to attract investment in real estate market. Meanwhile, the robust urbanisation development and inflowing talent programs are likely to encourage population inflow in Jiaxing and further support the property demand. The table below sets out selected residential property market indicators in Jiaxing for the years indicated:

Residential property market indicators of Jiaxing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	34.2	28.0	33.5	54.8	76.8	N/A	22.5%*
GFA of residential properties completed (million sq.m.)	4.3	4.2	7.0	4.5	2.5	N/A	(12.8%)*
GFA of residential properties sold (million sq.m.)	4.1	5.5	9.9	8.9	10.3	N/A	26.1%*
Average price of residential properties (RMB per sq.m.)	6,997	7,183	7,812	11,181	13,287	13,967	14.8%
Average residential land price (RMB per sq.m.)	3,120	3,403	6,250	10,769	11,756	11,404	29.6%

Source: Jiaxing Statistical Yearbook (2015-2019), Bureau of Statistics of Jiaxing, CREIS

Note: * is calculated based on the data from 2014 to 2018

Jiangsu Province

Nanjing City

Nanjing is the capital city of Jiangsu Province, a sub-provincial city located in the east China. It covers a total land area of 6,587 sq.km. with a permanent population of 8.5 million. Nanjing is an important central city in east China and the core city of Yangtze Delta Region and Nanjing Metropolitan Circle (南京都市圈). Nanjing enjoys abundant natural and social resources which enable the city to become an R&D center of the PRC. With booming of emerging pillar industries such as high-tech industry, petrochemical industry, information service industry, the economy in Nanjing experienced a vigorous growth recently. Its nominal GDP grew rapidly from RMB895.6 billion in 2014 to RMB1,403.0 billion in 2019 at a CAGR of 9.4%. As the only State-level New Area (國家級新區) in Jiangsu Province, the construction of Nanjing Jiangbei New District (南京江北新區) will stimulate the economy and further support its real estate market. The table below sets out selected property market indicators relating to Nanjing for the years indicated:

INDUSTRY OVERVIEW

Selected economic indicators of Nanjing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	895.6	986.2	1,066.2	1,171.5	1,282.0	1,403.0	9.4%
Real GDP growth rate (%)	10.1	9.3	8.0	8.1	8.0	7.8	N/A
Per capita disposable income of urban households (RMB)	42,568	46,104	49,997	54,538	59,308	64,372	8.6%
Fixed asset investment (RMB billion)	546.0	548.4	553.4	431.3	471.8	N/A	(3.6%)*
Urbanisation rate (%)	80.9	81.4	82.0	82.3	82.5	83.2	N/A
Average Annual Wage of Construction Worker in Urban Units (RMB)	51,647	53,739	53,325	59,041	60,371	N/A	4.0%*

Source: Nanjing Statistical Yearbook (2015-2019), Bureau of Statistics of Nanjing

*Note: * is calculated based on the data from 2014 to 2018*

Benefiting from the excess liquidity, Nanjing has attracted a lot of speculative demand, resulting in a considerable growth of the market since 2014. Investment in residential properties grew significantly to RMB173.6 billion in 2019, at a CAGR of 16.9% from 2014 to 2019. In addition, the average price of residential properties increased since 2014 and experienced a slight decline in 2017 as a result of the local government's restriction policies. For the following years, strong purchasing power and well-organized land supply are expected to keep a healthy and continuous growth in real estate market of Nanjing. The table below sets out selected residential property market indicators in Nanjing for the years indicated:

Residential property market indicators of Nanjing (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	79.6	108.1	139.3	157.0	157.5	173.6	16.9%
GFA of residential properties completed (million sq.m.)	7.2	10.6	9.1	8.1	9.1	N/A	6.1%*
GFA of residential properties sold (million sq.m.)	11.2	14.3	14.1	12.1	9.9	N/A	(3.1%)*
Average price of residential properties (RMB per sq.m.)	10,964	11,260	17,884	15,259	19,708	19,428	12.1%
Average residential land price (RMB per sq.m.)	10,127	17,640	30,045	26,787	16,495	23,246	18.1%

Source: Nanjing Statistical Yearbook (2015-2019), Bureau of Statistics of Nanjing, CREIS

*Note: * is calculated based on the data from 2014 to 2018*

INDUSTRY OVERVIEW

Anhui Province

Wuhu City

Wuhu is a prefecture-level city in the southeast of Anhui Province, sitting on the southeast bank of Yangtze River. Wuhu is positioned as a core city of Southern Anhui and Yangtze River Delta. In the future, the city is to be built as a scientific innovation center and a “demonstration area of industrial transfer” (“產業轉移示範區”). During the last several years, industrial upgrading and technology innovation have become an important engine to promote the robust development of Wuhu’s economy. Its nominal GDP rapidly grew from RMB231.0 billion in 2014 to RMB361.8 billion in 2019 with a CAGR of 9.4%. Wuhu’s continuously strengthened economy is expected to support the development of its real estate market. The table below sets out selected economic indicators relating to Wuhu for the years indicated:

Selected economic indicators of Wuhu (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	231.0	245.7	269.9	296.3	327.9	361.8	9.4%
Real GDP growth rate (%)	10.7	10.3	9.7	8.9	8.4	8.2	N/A
Per capita disposable income of urban households (RMB)	27,384	29,766	32,315	35,175	38,397	42,064	9.0%
Fixed asset investment (RMB billion)	239.3	270.9	300.7	334.2	N/A	N/A	11.8%*
Urbanisation rate (%)	60.7	62.0	63.5	65.1	65.5	66.4	N/A
Average Annual Wage of Construction Worker in Urban							
Units (RMB)	41,871	40,197	40,669	43,007	48,584	N/A	3.8%**
Purchasing Price Index for Building Materials							
(Preceding year=100)	98.7	98.1	101.0	109.3	114.1	N/A	N/A

Source: Wuhu Statistical Yearbook (2015-2019), Bureau of Statistics of Wuhu

Note: * is calculated based on the data from 2014 to 2017

** is calculated based on the data from 2014 to 2018

INDUSTRY OVERVIEW

Affected by destocking pressure, the real estate market of Wuhu witnessed a weakening performance from 2015 to 2016. It started to recover after the implementation of a series of supportive regulations in 2017. Investment in residential properties of Wuhu fluctuated between 2014 and 2018, with a CAGR of 2.7%. Additionally, the average price of residential properties rose to a peak level of RMB8,432 per sq.m. in 2019. For the following years, the accelerating urbanisation and inflowing talent program are likely to stimulate the residential property market as people migrant to the city. Meanwhile, several policies to increase residential land supply, destock inventory and accelerate relevant supply progress are coming into force to maintain the balance between demand and supply in Wuhu. The table below sets out selected residential property market indicators in Wuhu for the years indicated:

Residential property market indicators of Wuhu (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	32.5	28.1	27.4	33.3	36.2	N/A	2.7%*
GFA of residential properties completed (million sq.m.)	6.2	4.8	5.0	4.5	3.4	N/A	(13.8%)*
GFA of residential properties sold (million sq.m.)	5.6	5.2	6.8	7.2	7.7	N/A	8.1%*
Average price of residential properties (RMB per sq.m.)	5,143	4,603	5,231	6,501	7,259	8,432	10.4%
Average residential land price (RMB per sq.m.)	2,283	2,369	3,884	4,645	5,438	4,959	16.8%

Source: Wuhu Statistical Yearbook (2015-2019), Bureau of Statistics of Wuhu, CREIS

Note: * is calculated based on the data from 2014 to 2018

Shandong Province

Jinan City

Jinan, the capital city of Shandong Province, locates at the intersection of Jing-Jin-Ji Area (京津冀地區), Yangtze River Delta and Central Plains Economic Region (中原經濟區). The city occupies a total land area of 10,244 sq.km. with a population of 8.9 million in 2019. As an important central hub of industrial development, scientific innovation and mineral resource, Jinan has taken the advantage to further accelerate urban development. With the solid industrial foundations and supportive government policies, Jinan has enjoyed rapid economic development during the past years. Its nominal GDP increased to RMB944.3 billion in 2019, representing a CAGR of 10.4% from 2014 to 2019. The promising economic development and important urban status of Jinan are likely to support the real estate market for the following years. The table below sets out selected economic indicators relating to Jinan for the years indicated:

INDUSTRY OVERVIEW

Selected economic indicators of Jinan (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Nominal GDP (RMB billion)	577.1	610.0	653.6	720.2	785.7	944.3	10.4%
Real GDP growth rate (%)	8.8	8.1	7.8	8.0	7.4	7.0	N/A
Per capita disposable income of urban households (RMB)	38,763	39,889	43,052	46,642	50,146	51,913	6.0%
Fixed asset investment (RMB billion)	306.3	349.8	397.4	436.4	N/A	N/A	12.5%*
Urbanisation rate (%)	66.4	68.0	69.5	70.5	72.1	71.2	N/A
Average Annual Wage of Construction Worker in Urban Units (RMB)	47,854	54,406	66,234	70,713	78,001	N/A	13.0%**
Purchasing Price Index for Building Materials (Preceding year=100)	99.7	95.0	95.5	113.0	116.2	N/A	N/A

Source: Jinan Statistical Yearbook (2015-2019), Bureau of Statistics of Jinan; Shandong Statistical Yearbook (2015-2019), Bureau of Statistics of Shandong

*Note: * is calculated based on the data from 2014 to 2017*

*** is calculated based on the data from 2014 to 2018*

The real estate market in Jinan experienced a stable growth in recent years. Investment in the residential property market enjoyed a steady growth, reaching RMB113.6 billion in 2019 with a CAGR of 13.1% from 2014 to 2019. Meanwhile, the average price of residential properties displayed uptrend and rose to RMB11,501 per sq.m. in 2019, representing a CAGR of 9.9%. For the upcoming years, housing subsidy policy for talents and the plan of rebuilding urban shanty towns are anticipated to contribute to a stable uptrend in the residential property transaction by maintaining the balance of supply and demand. The table below sets out selected residential property market indicators in Jinan for the years indicated:

Residential property market indicators of Jinan (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Investment in residential properties (RMB billion)	61.4	72.5	80.6	82.3	92.9	113.6	13.1%
GFA of residential properties completed (million sq.m.)	3.9	3.3	8.0	4.9	9.0	7.7	14.9%
GFA of residential properties sold (million sq.m.)	7.2	9.2	12.3	9.7	9.6	10.2	7.1%
Average price of residential properties (RMB per sq.m.)	7,160	7,531	8,409	9,718	12,179	11,501	9.9%
Average residential land price (RMB per sq.m.)	4,699	4,629	7,387	12,546	9,245	9,548	15.2%

Source: Jinan Statistical Yearbook (2015-2019), Bureau of Statistics of Jinan, CREIS

INDUSTRY OVERVIEW

HISTORICAL TRENDS OF LAND PRICE, CONSTRUCTION MATERIAL AND LABOUR COST

Land Price

Land acquisition cost is one of the largest segments in the cost structure for the real estate developers in the PRC. Average residential land price grew from RMB4,526 per sq.m. in 2014 to RMB9,655 per sq.m. in 2019 with a CAGR of 16.4%, mainly driven by the high demand in residential property market and land supply control by the PRC government. It is noticeable that since 2017, residential land price showed a fluctuating upward trend, and this trend is expected to continue in the near future as the government plans to increase the residential land supply under pressure of rising house prices. The table below sets out the residential land price indicator of the PRC for the years indicated:

Residential land price indicator of the PRC (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Average residential land price (RMB per sq.m.)	4,526	5,578	7,912	9,249	8,472	9,655	16.4%

Source: CREIS

Construction Material

Construction material is an important factor in the cost structure for real estate developers, steel and cement constitute a major part of the cost of construction materials. According to China Iron and Steel Association (中國鋼鐵工業協會) and China Cement Association (中國水泥協會), the steel price index increased significantly in 2016 and maintained at a high level afterwards, while the cement price index achieved steady growth from 2015 to 2019 after an apparent drop in 2015. Along with the rising demand in the real estate industry, the prices of construction materials are expected to maintain an upward trend in the near future. The table below sets out selected indicators of key construction materials of the PRC for the years indicated:

Selected statistics of key construction materials of the PRC (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Steel price index (Base year 1994=100)	83.1	56.4	99.5	121.8	107.1	106.1	5.0%
Cement price index	308.4	247.4	318.7	414.9	449.0	471.0	8.8%

Sources: China Iron and Steel Association, China Cement Association

INDUSTRY OVERVIEW

Labour Cost

Labour cost is a crucial factor in the cost structure for the real estate developers. The average annual wage of urban construction worker rose from RMB45,804 to RMB65,580 between 2014 and 2019 at a CAGR of 7.4%. With the continuous improvement of China's social and economic level, as well as the government's commitment of improving per capita income, it is anticipated that the annual wage of urban construction worker will experience a steady growth in the future. The table below sets out labour costs indicator of the PRC for the years indicated:

Labour costs of the PRC (2014-2019)

	2014	2015	2016	2017	2018	2019	2014-2019 CAGR
Average Annual Wage of Construction Worker in Urban Units (RMB)	45,804	48,886	52,082	55,568	60,501	65,580	7.4%

Source: China Statistical Yearbook (2015-2019), National Bureau of Statistics

REGULATORY OVERVIEW

This section sets out a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate. These include laws relating to, among others, the establishment of real estate development enterprises, acquisition of land use rights, property development, sales or pre-sales of commodity buildings and environment protection.

ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General Provisions

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

Foreign Investment in Real Estate Development

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which came into effect on January 1, 2020 and replace the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》), and become the legal foundation for foreign investment in the PRC.

According to the Foreign Investment Law, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations, including the following circumstances: (i) a foreign investor establishes a foreign-funded enterprise within the territory of China, either alone or together with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within the territory of China; (iii) a foreign investor invests

REGULATORY OVERVIEW

in any new project within the territory of China, either alone or together with any other investor; and (iv) a foreign investor invests in any other way stipulated under laws, administrative regulations or provisions of the State Council. And a foreign-funded enterprise refers to an enterprise incorporated under Chinese laws within the territory of China and with all or part of its investment from a foreign investor.

The Foreign Investment Law further prescribes that the State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval by the State Council. If more preferential treatment for access of foreign investors is provided under international treaties or agreements governing foreign investment that the PRC concludes or accedes, such provisions may apply.

Under the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”) promulgated by MOFCOM and NDRC on March 10, 2015 and became effective on April 10, 2015, the construction of large-scale theme park falls within the category of industries in which foreign investment is restricted; the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended Catalogue (the “**Catalogue (Edition 2017)**”) promulgated by MOFCOM and NDRC on June 28, 2017 and became effective on July 28, 2017 and the Special Management Measures (**Negative List**) for the Access of Foreign Investment (Edition 2018) (《外商投資准入特別管理措施(負面清單) (2018年版)》) (the “**Negative List (Edition 2018)**”) promulgated by the NDRC and the MOFCOM on June 28, 2018 and came into effect on July 28, 2018, real estate development does not fall within the Negative List (Edition 2018) and the restrictive measures for construction of large-scale theme park, golf courses and villas are equally applicable to domestic and foreign investment. On June 30, 2019, MOFCOM and NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (Edition 2019) (《鼓勵外商投資產業目錄》) and the Special Management Measures (**Negative List**) for the Access of Foreign Investment (Edition 2019) (《外商投資准入特別管理措施(負面清單) (2019年版)》) (the “**Negative List (Edition 2019)**”), both of which became effective on July 30, 2019 and superseded the Catalogue (Edition 2017) and the Negative List (Edition 2018), while the policy for the real estate development remains the same. The Negative List (Edition 2019) was superseded by the Special Measures (Negative List) for the Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the “**Negative List (Edition 2020)**”) promulgated by NDRC and MOFCOM on June 23, 2020 and became effective on July 23, 2020. The Negative List (Edition 2020) has no further implication in respect of the real estate development policy.

REGULATORY OVERVIEW

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

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

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

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

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the “**Circular 77**”) promulgated on November 16, 1993 and amended on March 29, 2000, May 4, 2015 and December 22, 2018, an enterprises engaged in real estate development shall apply for the approval in accordance with the provisions of application for the enterprise qualification classification. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business. Enterprises engaged in real estate development are classified into four qualification classes: Class I, Class II, Class III and Class IV on the basis of their financial conditions, experience in real estate development business, construction quality, the professional personnel and quality control system etc. In addition, pursuant to Several Provisions on Urban Real Estate Development and Management in Hangzhou (《杭州市城市房地產開發經營管理若干規定》) promulgated on April 30, 2001, and latest amended on August 24, 2015 and came into effect on October 1, 2015, a newly established developer shall apply to the real estate development authorities for the Interim Qualification Certificate within 30 days from the date on which it receives its business license.

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

In accordance with the Regulations on Administration of Development of Real Estate of Zhejiang Province (《浙江省房地產開發管理條例》), promulgated on September 25, 1993, firstly amended on July 14, 1997, secondly amended on December 28, 2001, thirdly amended on March 29, 2004, qualification certificate shall be revoked when a real estate developer did not engage in real estate development without due cause more than one year from the date on which it receives its business license.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

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

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

Land Grants

On April 12, 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. On December 29, 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

On May 19, 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use rights certificate. In accordance with the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), which was issued on March 16, 2007 and became effective on October 1, 2007, the term of land use rights for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use rights for other uses shall be dealt with according to the then-current relevant laws. In addition, if the State requests for the possession of land for public interest during the term of the relevant land use rights, compensation shall be paid to the owners of residential properties and other real estate on the land and the relevant land premium shall be refunded to them by the State.

In July 5, 2000, the standing committee of people's congress of Zhejiang Province promulgated Measures of Zhejiang Province for the Implementation of the law of the PRC on Land Management (《浙江省實施〈中華人民共和國土地管理法〉辦法》). These Measures stipulated the specific and special requirements regarding grant process and transfer of land use right in Zhejiang Province.

Land Grant Methods

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

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Bidding, Auction or Listing (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Bidding, Auction and Listing (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the “**Land Grant Regulations**”) which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 13, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Bidding, Auction and Listing (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) which became effective on August 1, 2003, to regulate granting of land use rights by agreement when there is only one land use applicant and the designated uses of which are other than for commercial purposes as described above.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於發佈實施限制用地項目目錄(2012年本)和禁止用地項目目錄(2012年本)的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects shall not exceed (i) 7 hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which shall not be lower than 1.0.

Land Transfer From Current Land Users

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

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

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of Real Estate Development Projects

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

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

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

REGULATORY OVERVIEW

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

Planning of Real Estate Projects

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction on December 4, 1992 and amended on January 26, 2011, a real estate developer shall apply for a License for the Planning of Construction Land (建設用地規劃許可證) from the municipal planning authority. After obtaining the License for the Planning of Construction Land, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, and a License for the Planning of Construction Projects (建設工程規劃許可證) from the municipal planning authority should be obtained by the real estate developer.

Construction Work Commencement License

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001 and latest amended on September 28, 2018 by the MOHURD.

Acceptance and Examination upon Completion of Real Estate Projects

Pursuant to the Development Regulations, the Administrative Measures for the Registration Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of a real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

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

MARKETING AND PROMOTION OF REAL ESTATE PROJECTS

Real Estate Advertisements

Pursuant to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), promulgated by the Standing Committee of the NPC on October 27, 1994 and amended on April 24, 2015 and October 26, 2018 and the Provisions on Distribution of Real Estate Advertisements (《房地產廣告發佈規定》) promulgated by the State Administration for Industry and Commerce on December 24, 2015, real estate advertisements and information of housing sources shall be authentic. The area shall be stated as floor area or indoor floor space, and shall not contain any of the following contents: commitment on appreciation or investment returns; using the time required to travel from the project to a specific location to indicate the location of the project; violation of State provisions on pricing administration; or using transport, commercial, cultural and education facilities and other municipal conditions, which are the planning or under construction, as misleading promotion. For publishing of false advertisements to deceive, mislead consumers, and caused harm to the legitimate rights and interests of consumers who purchase the goods or accept the services, the advertiser shall bear civil liability pursuant to the law.

In addition, an advertisement for pre-sale or sale of real estate must state the following items: name of the developer; the exact portion of the intermediary organization acting as an agent for the transactions; the name of such organization; and the pre-sale or sale permit number. And where the advertisement merely states the name of the real estate project, the aforesaid matters may be omitted.

Furthermore, the following real estate shall not be advertised: development on land for which State-owned land use rights have not been obtained pursuant to the law; development on collectively-owned land which has not been requisitioned by the State; restriction of real estate rights based on a ruling, decision on seizure or any other form of imposition by the judicial

REGULATORY OVERVIEW

authorities or administrative authorities pursuant to the law; pre-sale of real estate without a pre-sale permit for the said project; dispute over ownership; development which violates the relevant provisions of the State; non-compliance with project quality standards, and failure to pass acceptance inspection; or any other circumstances prohibited by laws and administrative regulations.

REAL ESTATE TRANSACTIONS

Sale of Commodity Properties

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

Pre-sale of Commodity Properties

Any pre-sale of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sale 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 amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”). The Pre-sale Measures provide that any pre-sale of commodity properties is subject to specified procedures. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sale license. According to the Pre-sales Measures, the competent regulatory authority may impose a fine that equals three times of illegal gains but less than RMB30,000 per project if a property developer has non-compliances in relation to pre-sale proceeds. The maximum penalty of RMB30,000 refers to the maximum penalty *a project* may be subject to, regardless whether the project is involved in one or more types of non-compliances in relation to pre-sale proceeds.

Pursuant to the Urban Real Estate Law and the Pre-sale Measures, the proceeds from the pre-sale of commodity properties shall be used to fund the development and construction of the corresponding projects.

Furthermore, under the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-sale System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) issued by the MOHURD on April 13, 2010, all proceeds from the pre-sale of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the development and construction of the corresponding projects.

Set out below are the implementation rules promulgated by the local real estate administrative authorities on the provincial or city level.

Zhejiang

According to the Provisional Administrative Measures for the Pre-sales of Commodity Properties of Zhejiang Province (《浙江省商品房預售資金監管暫行辦法》) promulgated by the Department of Housing and Urban-rural Development of Zhejiang Province on September 16, 2010 which came into effect on November 1, 2010, all pre-sale proceeds shall be deposited into the escrow account and the usage of the pre-sale proceeds is subject to the supervision of the bank and the property developer must submit an application and furnished proof of the completion of stages of the project or other valid proof for payment before any usage. Furthermore, a proportion of the pre-sale proceeds which amount to at least 130% of the estimated budget of the supervised projects shall be under supervision according to the pre-sale funds supervision agreement, of which a sum which amounts to 20% of the estimated budget that is under supervision according to the regulatory agreement can be used to pay for the corresponding pre-engineering costs, management fees, sales expenses, financial expenses, unforeseen fees, taxes and simultaneous repayment of real estate development loans and other expenses of the project. Where the property developer provides false materials to apply for the opening of escrow account, defrauds engineering construction funds, withholds and embezzles the money of house purchasers for pre-sale proceeds from property purchasers without authorization, or fails to deposit the pre-sale proceeds from property purchasers into the escrow account, property developers shall face one or more of the following regulatory measures which are imposed on the infringing entity, including ceasing pre-sales, an administrative notice requiring rectification within a prescribed time, an adverse record in the entities' credit records and in the People's Bank credit reporting system. The local regulations for the pre-sale proceeds in Hangzhou, Wenzhou, Huzhou, Zhuji, Quzhou, Zhoushan, Shaoxing, Jiaxing, Longyou and Linhai are substantially consistent with the Provisional Administrative Measures for the Pre-sales of Commodity Properties of Zhejiang Province.

Furthermore, the local regulations for the pre-sale proceeds in Ningbo and Haining further specify that pre-sale proceeds can generally be classified into two categories: key escrow funds and general escrow funds. The amount of key escrow funds equals to 130% of the estimated budge of the supervised projects, and general escrow funds refer to surplus proceeds that exceed the amount of key escrow funds. Property developers are required to maintain the balance of key escrow funds in the designated escrow accounts and may use excess amounts in the escrow account for other expenditures.

In the above-mentioned cities in Zhejiang Province, the regulations of pre-sale proceeds shall be classified into key escrow funds and general escrow funds.

In addition, coping with the outbreak of novel coronavirus, measures have been imposed by the Zhejiang Government to support the development of the property developer. According to the measures, the proportion of pre-sale proceeds of property available for settling preliminary engineering costs, management fees, sales fees, financial fees and other expenses shall be increased from 20% to 30% during period of the the outbreak of novel coronavirus.

REGULATORY OVERVIEW

Anhui

According to the Measures for Regulation of Pre-sales of Commodity Properties of Chuzhou (《滁州市商品房預售資金監督管理辦法》) (the “**Measures**”), which came into effect on April 16, 2020, and the Provisional Administration Measures for the Pre-sales of Commodity Properties of Xuancheng (《宣城市市區商品房預售資金監管暫行辦法》), which came into effect on January 1, 2014, all pre-sale proceeds shall be deposited into the escrow account and supervised separately as key funds and general funds. Property developers shall apply for use of key funds allocated based on the construction progress of the property projects. The key funds under supervision shall be allocated for use based on the construction progress of the property projects. The regulatory threshold of key funds shall be determined after considering various factors such as area, construction structure and uses, and be revised from time to time. The property developer can apply for use of the general funds for use preferentially towards the construction of the projects. Property developers which violate the above-mentioned regulations shall be ordered by the competent authorities to make corrections, and the release of the pre-sale proceeds shall be suspended; in serious cases or where the property developer refuses to make corrections, the competent authorities shall suspend online contract registration for pre-sale of properties and record such misconducts.

According to the Implementing Rules of Commodity Properties of Nanling (《南陵縣預售資金監管實施細則》) (the “**Rules**”), which came into effect on December 10, 2016, all pre-sale proceeds shall be deposited into the escrow account and supervised separately as key funds and general funds. The key funds shall be allocated for settling the engineering construction costs (including the construction engineering, infrastructure in the residential area and public supporting facilities), unforeseeable costs (10% of the engineering construction costs) and the tax on sales revenue, and the regulatory threshold for the key funds shall be determined after considering various factors such as area, construction structure and uses, and be revised from time to time. Property developers can, after maintaining the required balance of the key funds, apply for, through the escrow system, withdrawal of general funds for use preferentially towards the construction of the projects. The key funds under supervision shall be allocated for use based on the construction progress of the property projects.

With respect to the restrictions on the use of general escrow funds, the local regulations and policies of Suzhou, Tianchang and Wuhu specify that property developers may apply for withdrawal of general escrow funds in the escrow accounts after maintaining the required balance of key escrow funds, and such general escrow funds shall be preferentially used for the construction of relevant projects, while the local regulations of Guangde and Ma’anshan stipulate that the surplus proceeds that exceed key escrow funds are not included in the scope of supervision and can be withdrawn by the property developers at any time.

The local rules of above cities in Anhui classify escrow funds into key escrow funds and general escrow funds.

Jiangsu

According to the Provisional Administrative Measures for the Pre-sales Proceeds of Commodity Properties of Baoying (《(江蘇省揚州市)寶應縣商品房預售資金監管暫行辦法》), which came into effect on May 20, 2013, all pre-sale proceeds shall be deposited into the specific escrow account, under which a sum equal to the total amount of construction funds plus 20% (to be maintained as unforeseeable expenditure) shall be under supervision, and the amount of the pre-sale proceeds under supervision shall decrease according to the progress of the project. Furthermore, any part of the pre-sale proceeds which exceeds the required amount under supervision can be used freely by the property developer. According to the Notice from the County Government for Improvement of Supervision of Pre-sale Proceeds of Commodity Properties (《縣政府辦公室關於進一步做好全縣商品房預售款監管工作的通知》) issued by the Baoying County Government, which came into effect on February 17, 2014, the regulatory threshold of supervised funds to be maintained as unforeseeable expenditure was decreased from 20% to 10%. The penalty in Baoying over offences of pre-sale proceed regulations is similar to Zhejiang Province.

According to the Notice on Matters Relating to Pre-sales Proceeds of Commodity Properties (《(江蘇省張家港市)關於商品房預收款監管資金有關事項的通知》), which came into effect on March 12, 2020, all pre-sale proceeds shall be deposited into the designated escrow accounts, and be specifically used to purchase the necessary building materials and equipment for the development and construction and to pay the construction progress payments, statutory taxes and other relevant expenses of the construction of projects. After satisfying certain conditions, property developers may withdraw a part of pre-sale proceeds in the escrow account with the bank's guarantee.

In Nanjing, Suqian, Taixing, Dongtai, Lianyungang and some other cities in Jiangsu province, it is stipulated that under the condition that the use of construction funds is ensured, when the pre-sale proceeds in the escrow accounts under supervision exceed 100-120% of the total amount of the construction budget of relevant projects, the bank may allow the property developers to use the the excess amount for repayment of loan or to transfer the excess amount.

In addition, pursuant to the Administrative Measures for the Supervision of the Pre-sale Proceeds 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)) and the Implementing Rules for the Supervision of the Pre-sale Proceeds 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]號)), 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) (“**supervision authority**”) were the third-party agency which supervises pre-sale proceeds in Lianyungang. Real estate developers enter into supervision agreement with the regulatory authorities and the commercial bank before commencing presale or sale of properties, and transfer the pre-sale proceeds in accordance with Notice of Approval for Pre-sale Proceeds of Commodity Housing issued by the relevant authority. Funds in the escrow accounts shall not be paid without the consent of the relevant regulatory authority. Real estate developers shall submit bank

REGULATORY OVERVIEW

statements to the supervisory authority on a monthly basis for verification. Where a real estate developer fails to deposit all the pre-sale proceeds in the escrow account, fails to use the pre-sale proceeds for construction of projects in accordance with the provisions or fails to make rectification in accordance with the requirements of the relevant authorities, such authorities shall promptly report to the municipal housing security and real estate administration authorities, and the municipal housing security and real estate administration authorities may suspend the pre-sale of the relevant projects and announce to the public.

Therefore, apart from Zhangjiagang, the local rules of above-mentioned cities in Jiangsu generally classify escrow funds into key escrow funds and general escrow funds.

Hubei (Xiantao)

According to the Administrative Measures for the Pre-sales Proceeds of Commodity Properties of Xiantao (《仙桃市商品房預售資金監管辦法》), which came into effect on April 13, 2015, the pre-sale proceeds deposited into the escrow accounts shall be used for the construction of relevant projects. The specific scope of use of the proceeds shall include the purchase of necessary building materials and equipment, payment of the construction of the subject and supporting facilities, statutory taxes, principal and interest of mortgage loans secured by the pre-sale projects and necessary management fees. However, property developers may also apply for a certain amount of proceeds as a reserve fund for paying recurring petty expenditures, which may not exceed 15% of the total amount of pre-sale proceeds and may not be used for other purposes. The local rules of Xiantao does not classify escrow funds into key escrow funds and general escrow funds.

Sales After Completion of Commodity Properties

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following conditions have been satisfied: (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 real estate development; (ii) the enterprise has obtained land use rights certificates or other approval documents of land use; (iii) the enterprise has obtained the Construction Project Planning License and the Construction Work Commencement License; (iv) the commodity properties 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 have been specified; and (vii) the property management proposal has been completed.

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

REGULATORY OVERVIEW

Properties at Clearly Marked Price of Zhejiang Province (《浙江省商品房銷售明碼標價實施細則》), promulgated by the Price Bureau of Zhejiang Province on May 17, 2011, prescribes that the prices of all commodity properties for selling shall be disclosed within prescribed time at one time.

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

Mortgage of Properties

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

Lease of Properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "New Lease Measures"), which became effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB1,000 (individuals) and RMB1,000 to 10,000 (enterprises) provided that

REGULATORY OVERVIEW

they fail to rectify within required time limits. According to the Urban Real Estate Law, the land proceeds included in the rental income derived from any building situated on allocated land where the land use rights have been obtained through allocation, shall be turned over to the State.

Under the Contract Law of the People's Republic of China (《中華人民共和國合同法》), promulgated by the NPC on March 15, 1999, the term of a leasing contract shall not exceed 20 years.

REAL ESTATE REGISTRATION

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and became effective on March 1, 2015 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 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.

REAL ESTATE FINANCING

Loans to Real Estate Development Enterprises

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

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

- restricts granting loans to real estate developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained;

REGULATORY OVERVIEW

- the loan on mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;
- provides that for the real estate developer who (i) delays the commencement of development date specified in the land use right grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- prohibits granting loans to the real estate developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

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

Trust and Asset Management Financing

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

From October 2008 to November 2010, the CBIRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBIRC on October 28, 2008 and became effective on the same date, Notice of CBIRC on Relevant Issues Regarding Supporting the Innovative Development of Trust Companies 《中國銀監會關於支持信託公司創新發展有關問題的通知》, promulgated by the CBIRC on March 25, 2009 and became effective on the same date, Notice of General Office of CBIRC on Relevant Issues Regarding Strengthening the Supervision of the Real Estate Businesses of Trust Companies 《中國銀監會辦公廳關於加強信託公司房地產信託業務監管有關問題的通知》, promulgated on February 11, 2010 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 incomplete “Four Certificates” (i.e. the Certificate of Land Use Rights, Planning License for Construction-land-use, Planning License for Construction Works and Construction License) and the property projects (except for affordable housing) of which less than 35% of the total investment is funded by the property developers’

REGULATORY OVERVIEW

own capital (according to the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Assets Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council and became effective on September 9, 2015, the 35% requirement was changed to 20% for indemnificatory housing and ordinary commodity apartments, and to 25% for other property projects). If a real estate developer intends to apply for the loan from a trust company, the real estate developer itself or its controlling shareholder shall obtain a Real Estate Development Qualification Certificate whose classification is no less than Class II.

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

On May 8, 2019, the CBIRC issued the Circular on Carrying out the Work of Consolidating the Achievements on Rectification of Chaos and Promoting Compliance Construction (《中國銀保監會關於開展「鞏固治亂像成果促進合規建設」工作的通知》), which emphasizes that trust company shall not directly provide financing to real estate development projects which have incomplete “Four Certificates”, whose developers or their controlling shareholders are unqualified and whose capital funds are not fully paid, or provide financing in disguised form through equity investment plus shareholder borrowing, equity investment plus inferior debt subscription, account receivable, specific asset income rights, etc.; provide financing directly or in disguised form for the payment of land-transferring fees by real estate enterprises, and issuance of working capital loans to real estate enterprises directly or in disguised form; provide financing to local governments; require or accept all kinds of guarantees provided by local governments or their affiliated departments; directly or indirectly invest on-and off-balance sheet funds to the “Two-high and One excess” (i.e. high energy consumption, high pollution and excess capacity) industries or other restrictive or prohibited fields.

Housing Loans to Individual Buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time house buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the

REGULATORY OVERVIEW

apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 30% and also provides that the applicable interest rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively, the prices are rapidly high and housing supply is insufficient.

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

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

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBIRC 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

REGULATORY OVERVIEW

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 self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

ENVIRONMENTAL PROTECTION

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

Administrative Measures of Zhejiang Province on Environmental Protection for Development Projects (《浙江省建設項目環境保護管理辦法》), latest amended on January 22, 2018, provides detailed environmental requirements and due procedures especially for the real estate development projects in Zhejiang Province.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the “**Civil Air Defense Law**”), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense

REGULATORY OVERVIEW

properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property. Pursuant to Measures for Implementing “the PRC Civil Air Defense Law” (amended in 2015) (《浙江省實施<中華人民共和國人民防空法>辦法(2015修正)》), promulgated by standing committee of people’s congress of Zhejiang Province on September 3, 1999, firstly amended on January 16, 2004, secondly amended on May 28, 2014, thirdly amended on December 4, 2015 and Administrative Measures for Air Defense Basement of Zhejiang Province (《浙江省防空地下室管理辦法》), which was promulgated by People’s Government of Zhejiang Province on April 8, 2016, and came into effect on June 1, 2016, and latest amended on December 29, 2018, the construction unit shall have the right to use and manage the civil air defense property which is constructed by itself in non-wartime, but shall also be obliged to undergo the registration procedures at eligible authorities. In addition, the construction unit may also be entitled with the right to use the civil air defense property intended for public use and be granted with the certificate of legally usage of civil air defense property when the usage is approved by authorities in charge of civil air defense at or above the county level.

MEASURES ON STABILIZING HOUSING PRICES

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

The Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) promulgated on February 17, 2016 and became effective on February 22, 2016 provides that: (i) in the case of an one-and-only household residential property purchased by individuals (family members shall include the buyer, his/her spouse and underage children, same hereinafter), where the area is 90 sq.m. or below, deed tax shall be levied at the reduced rate of 1%; where the area exceeds 90 sq.m., deed tax shall be levied at the reduced rate of 1.5%; and (ii) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 sq.m. or less, or 2% if the area is over 90 sq.m. Meanwhile, the Notice specifies that the sale of a house that has been purchased by

REGULATORY OVERVIEW

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.

Pursuant to Notice on Further Standardizing the Business Behaviors of the Real Estate Development Enterprises and Safeguarding the Order of the Real Estate Market (《關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知》) promulgated and implemented on October 10, 2016 by Ministry of Housing and Urban-Rural Development, competent real estate departments at all levels shall investigate and penalize illegal business activities of real estate developers, which include: (i) conducting malicious speculation and pushing up prices by fabricating or transmitting information on rise in price; (ii) collecting deposits, booking fees and other fees from consumers or collecting them in disguised forms by means of subscription, booking, issuing a row number and card, etc. to push up prices without meeting the requirements for selling commercial houses. Real estate developers conducting illegal business activities may be put on the list of real estate developers in serious violation of law in the light of circumstances.

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

Pursuant to the Notice of MOHURD on Further Improving the Management and Control over the Real Estate Market (《住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知》) promulgated and implemented on May 19, 2018 by the MOHURD, all regions shall take practical measures to achieve targets of stabilizing housing prices, controlling rents, reducing leverage, preventing risks, adjusting structure, and stabilizing expectations, support rigid housing demands, and resolutely curb property speculation. It is necessary to improve the supply mode of commercial houses land and establish a linkage mechanism for land price and house price so as to prevent land prices from pushing up house prices. In key cities, the proportion of residential land should be enhanced and it is suggested that residential land represent at least 25% of land set aside for urban development.

Pursuant to Notice of Launching Special Actions in Some Cities to Fight Activities Undermining People's Interests and Disrupting the Property Market (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通知》) jointly issued on

REGULATORY OVERVIEW

June 25, 2018 by the Ministry of Housing and Urban-Rural Development, the Publicity Department of the CPC Central Committee, the Ministry of Public Security, the Ministry of Justice, the State Administration of Taxation, the State Administration for Market Regulation and China Banking and Insurance Regulatory Commission, special actions will be taken in some cities, including Hangzhou, from July to December, 2018. The key issues to be regulated include: (i) speculative purchase of housing, including monopolizing housing resource, manipulating property prices or rental; (ii) illegal or violating behaviors conducted by real estate developers, including selling commodity housing at price different than that filed with the government or increasing price in disguise by imposing additional conditions to limit the legal rights of home buyers (such as bundling parking space or decorating), and violating the provisions on transparent pricing such as not stating sales status or price of housing resource. The Ministry of Housing and Urban-Rural Development has already circulated two lists of law-breaking real estate developers and intermediary agencies.

FOREIGN CURRENCY EXCHANGE

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

Pursuant to the Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident (the “**PRC Resident**”) shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV’s registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration

REGULATORY OVERVIEW

under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was promulgated on March 16, 2007 and latest amended on December 29, 2018, a unified income tax rate of 25% is applied for both domestic and foreign-invested enterprises. Furthermore, pursuant to the EIT Law and the Implementation Rules on the Enterprise Income Tax (《企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008 and amended on April 23, 2019, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. Furthermore, the EIT Implementation Rules provide that, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors.

In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty, one such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Announcement of the State Administration of Taxation on Issues concerning the “Beneficial Owner” in Tax Treaties (《國

REGULATORY OVERVIEW

家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) promulgated on February 3, 2018 and became effective on April 1, 2018, defined the “beneficial owner” as a person who owns or controls income or the rights or property based on which the income is generated, and introduced various factors to adversely impact the recognition of such “beneficiary owners”.

Value-added Tax

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

Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發佈<房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法>的公告》) which was promulgated on March 31, 2016 and with effect from May 1, 2016 and amended on June 15, 2018, real estate developer shall pay VAT for the sales of its self-developed real estate project.

Circular regarding the Pilot Program on Comprehensive Implementation of VAT from Business Taxes Reform (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by Ministry of Finance and the SAT on March 23, 2016, effective on May 1, 2016 and amended by Notice on Pilot Policies of Levying VAT in Lieu of Business Tax for Construction Services and Other Sectors (《關於建築服務等營改增試點政策的通知》) on July 11, 2017 and Announcement on Policies to Deepen VAT Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 provides that upon approval by the State Council, the pilot program of replacing business tax with VAT shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay VAT instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the People’s Republic of China shall be the taxpayers of VAT and shall, instead of business tax, pay VAT. The sale of real property and the secondhand housing transaction shall adopt this notice as well. Under the Decision of State Council on Abolition of the Provisional Regulations of the People’s Republic of China on Business Tax and Revision of the Provisional Regulations of the People’s Republic of China on VAT (《國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》) which was promulgated on November 19, 2017 and came into effect on the same day, business tax is officially replaced by VAT.

REGULATORY OVERVIEW

Land Appreciation Tax

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

LABOR PROTECTION

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and became effective on January 1, 1995 and latest amended on December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and subsequently amended on December 28, 2012 and became effective on July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

The Notice of the Office of the Ministry of Human Resources and Social Security on Issues of Properly Handling the Employment Relations during the Period of Prevention and Control of Infection Caused by Novel Coronavirus (Ming Dian No. 5 [2020] of the Office of the Ministry of Human Resources and Social Security) (《人力資源社會保障部辦公廳關於妥善處理新型冠狀病毒感染的肺炎疫情防控期間勞動關係問題的通知》(人社廳明電[2020]5號)) issued by the Ministry of Human Resources and Social Security on 24 January, 2020 provides that all patients with Novel Coronavirus, suspected patients and people who have close relationship with them placed in isolation for medical treatments and inspection as well as employees who are not able to provide services due to isolation implemented by the government or other measures in emergencies shall be entitled to compensation from the employers for such periods. The employers shall not terminate the employment contracts with the employees on Article 40 and Article 41 of the Labor Contract Law. During such periods, any employment contract that expires shall be extended to the date when the periods of medical treatment or inspection expire, or the period of isolation or the expiry of such periods when measures for emergencies are taken by the government.

Under applicable PRC laws, including the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was

REGULATORY OVERVIEW

promulgated by the State Council and became effective on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council and became effective on April 3, 1999, amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

PRC MERGER & ACQUISITION

Pursuant to the Regulations on Mergers of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the “**M&A Rules**”) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, acquisition of a domestic enterprise by a foreign investor refers to the purchase by foreign investors of the equity interests of the shareholders of non-foreign invested enterprises established within the territory of PRC or the subscription by foreign investors of the capital increase of domestic companies, thus converting and re-establishing such domestic companies as foreign-invested enterprises; or, and the purchase by agreement of the assets of domestic enterprises and operation of such assets through the foreign-invested enterprises established by foreign investors for the purpose of merging and acquiring domestic enterprises, or, the purchase of the assets of domestic enterprises through agreement by foreign investors who then use such purchased assets to establish a foreign-invested enterprise which operates such assets. As for merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or natural person in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or natural person, such merger and acquisition shall be subject to examination and approval of the Ministry of Commerce.

On October 8, 2016, Ministry of Commerce issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the “**Circular 6**”) (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on the same day and amended on July 30, 2017 and further amended on June 29, 2018. According to the Circular 6, where a non-foreign-invested enterprise changes into a foreign-invested enterprise which is not involved in special access administrative measures prescribed by the PRC government due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Circular 6, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with Circular 6. On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced Circular 6. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

OUR HISTORY AND DEVELOPMENT

History

Our history can be traced back to 1995, when Shinsun Property was established in the PRC by Mr. Chen, our Controlling Shareholder, our executive Director and chairman of our Board, and his spouse, Ms. Zhu Guoling. We commenced to develop residential properties in Shaoxing, Zhejiang Province in 1999 and have expanded our business into key cities in Zhejiang Province including Hangzhou, Wenzhou, Ningbo, Shaoxing, Quzhou and Huzhou through years of continuous development. While establishing a strong market position in Zhejiang Province, we have also strategically focused on the Pan-Yangtze River Delta Region since 2004. We entered into the markets of Jiangsu and Shanghai in 2004 and 2007, respectively, and since then we have established presence in other areas in the Pan-Yangtze River Delta Region such as Nanjing, Hefei, Suzhou, Nantong, Yangzhou, Wuhu and Jiujiang. Our success in the Pan-Yangtze River Delta Region laid a solid foundation for our strategic expansion in other economic regions of China. We expanded our business into Wuhan in 2007 and Hohhot in 2018. Leveraging our brand and experience in developing quality residential properties, we commenced to develop non-residential properties in 2006 and since then, we have built a growing portfolio of diversified investment properties, covering office buildings, commercial complexes, community businesses and hotels. As of July 31, 2020, we had a total of 205 projects at various stages of development in 45 cities across 11 provinces with a total GFA attributable to us of 23,824,832 sq.m. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 27th in 2020.

Business Development Milestones

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

Year	Milestone
1995	Shinsun Property was established in China.
1999	We developed our first residential project, namely Zhuji Shinsun Riverside Garden (諸暨祥生濱江花苑), in Shaoxing, Zhejiang Province.
2004	We strategically expanded our business into the Pan-Yangtze River Delta Region.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
2007	We developed our first residential project, namely Shanghai Shinsun Futian Yayuan (上海祥生福田雅園), in Shanghai.
2011	We were first ranked China's Top 100 Real Estate Developers (中國房地產百強企業) by China Real Estate Top 10 Research Team (中國房地產TOP10研究組).
2014	We relocated our corporate headquarters to Hangzhou, Zhejiang Province.
2015	We were ranked 51st among China's Real Estate Developers by China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre (中國房地產測評中心).
2016	We were ranked 50th among China's Real Estate Developers by China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre (中國房地產測評中心). We adopted a “1+1+X” expansion strategy where we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other regional cities with high economic growth potentials beyond this region.
2019	Our Shanghai Operation Center commenced operation.
2020	We were ranked 27th among China's Real Estate Developers by China Real Estate Association (中國房地產業協會), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal Centre (中國房地產測評中心).

OUR CORPORATE DEVELOPMENTS

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on December 13, 2019, and became the holding company and listing vehicle of our Group upon completion of the Reorganization. See “— Reorganization” below for details.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Our principal operating subsidiaries in the PRC

As of the Latest Practicable Date, our business operations had been carried out by our operating subsidiaries established or acquired by our Group in the PRC. Our principal operating subsidiaries comprise major holding companies and/or subsidiaries which contributed a substantial amount of revenue and profit of our Group during the Track Record Period. Set out below are the major corporate developments including major changes in the equity interests in our principal operating subsidiaries.

Shinsun Property

Shinsun Property is the principal onshore holding company of our Group and the centralized management platform of our property development projects and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on January 4, 1995 with an initial registered capital of RMB6 million. As of the date of its establishment, Shinsun Property was owned as to 60% by Xiangsheng Industrial and 40% by Ms. Zhu Guoling (朱國玲), the spouse of Mr. Chen. Xiangsheng Industrial was owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni (陳弘倪), the son of Mr. Chen, our executive Director, chief executive officer and president.

Subsequent to a series of capital injections and equity transfers as a result of the internal restructuring of the shareholding structure of Shinsun Property as part of the family arrangement of Mr. Chen, Ms. Zhu Guoling and Mr. Chen Hongni to progressively consolidate the interest of the family in the business under Mr. Chen, as of September 18, 2017, Shinsun Property became owned as to approximately 97.5% by Zhuji Xiangshen and approximately 2.5% by Mr. Chen with a registered and paid-up capital of RMB1.18 billion. Zhuji Xiangshen was wholly owned by Mr. Chen at the relevant time. The registered capital of Shinsun Property was increased to RMB1.58 billion through capital injections of RMB100 million and RMB300 million by Zhuji Xiangshen on July 9, 2018 and December 31, 2018, respectively. Upon completion of such capital injections, Shinsun Property became owned as to 98.14% by Zhuji Xiangshen and 1.86% by Mr. Chen.

Upon completion of a series of equity transfers as part of our Reorganization, Shinsun Property became wholly owned by Zhuji Zhuojie. See “— Reorganization — Capital injection by Zhuji Xiangshen into Zhuji Zhuojie” and “— Reorganization — Acquisition of 1.86% interest in Shinsun Property by Zhuji Zhuojie” below for further details. There has been no change in the equity interest in Shinsun Property since then.

Taixing Xiangrui

Taixing Xiangrui is the project company for our property development projects, namely Taixing Shinsun Guantang Mansion (泰興祥生觀棠府), Taixing Shinsun Tangyue Garden (泰興祥生棠悅園) and Taixing Shinsun Future City Garden (泰興祥生未來城花園) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on January 22, 2015 with an initial registered and paid-up capital of RMB200 million.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As of the date of its establishment, Taixing Xiangrui was owned as to 55% by Shinsun Property, 35% by Zhuji Xiangsheng Enterprise Management Consulting Co., Ltd. (諸暨市祥生企業管理諮詢有限公司) (“**Zhuji Xiangsheng Enterprise**”), an indirect wholly-owned subsidiary of our Company, and 10% by Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司) (“**Zhuji Jiuku**”). Zhuji Jiuku was owned as to 50% by Mr. Zhao Hongwei (趙紅衛), a director of Shinsun Property, and 50% by Ms. Chen Huiping (陳慧萍), the spouse of Mr. Zhao Hongwei.

On June 2, 2016, Zhuji Xiangsheng Enterprise transferred 20% and 15% of its equity interest in Taixing Xiangrui to Zhuji Jiuku and Shinsun Property, respectively, at a total consideration of RMB70 million, which was determined based on the then registered capital of Taixing Xiangrui at the time of such transfers. Upon completion of such equity transfers, Taixing Xiangrui became owned as to 70% by Shinsun Property and 30% by Zhuji Jiuku. There has been no change in the equity interest in Taixing Xiangrui since then.

Shinsun Plaza Trading

Shinsun Plaza Trading is an indirect wholly-owned subsidiary of our Company which retains a portion of our commercial properties for investment purpose. It was established in the PRC with limited liability on May 26, 2006 with an initial registered and paid-up capital of RMB20 million. As of the date of its establishment, Shinsun Plaza Trading was owned as to 51% by Shinsun Property, 39% by Xiangsheng Industrial and 10% by Mr. Chen Hongni, the son of Mr. Chen and our executive Director. As a result of the internal restructuring of the shareholding structure of Shinsun Plaza Trading as part of the family arrangement of Mr. Chen and Mr. Chen Hongni, on December 27, 2007, Mr. Chen Hongni transferred his 10% equity interest in Shinsun Plaza Trading to Xiangsheng Industrial at a consideration of RMB2 million, which was determined based on the then registered and paid-up capital of Shinsun Plaza Trading. Upon completion of such equity transfer, Shinsun Plaza Trading became owned as to 51% by Shinsun Property and 49% by Xiangsheng Industrial. The registered capital of Shinsun Plaza Trading was increased to RMB50 million through capital injection of RMB15.3 million and RMB14.7 million by Shinsun Property and Xiangsheng Industrial, respectively, on December 12, 2019 which would be fully paid-up before 2025. Upon completion of the Reorganization, Shinsun Plaza Trading became wholly owed by Shinsun Property. See “— Reorganization — Acquisition of PRC companies” below for further details.

There has been no change in the equity interest in Shinsun Plaza Trading since then.

Shinsun Zhoushan

Shinsun Zhoushan is the project company for our property development project, namely Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on December 10, 2015 with an initial registered and paid-up capital of RMB30 million. Since its

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

establishment and up to the Latest Practicable Date, Shinsun Zhoushan had been owned as to 90% by Shinsun Property and 10% by Zhuji Xiangpeng Enterprise Management Co., Ltd. (諸暨市祥鵬企業管理有限公司), a direct wholly-owned subsidiary of Shinsun Property.

Shinsun Xinhe

Shinsun Xinhe is the project company for our property development projects, namely Zhuji Shinsun Oak Garden (諸暨祥生橡樹園) and Zhuji Shinsun Oriental Arbor (諸暨祥生東方樾) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on July 24, 2013 with an initial registered and paid-up capital of RMB80 million. As of the date of its establishment, Shinsun Xinhe was owned as to 51% by Shinsun Property, 25% by Lizi Industrial Group Co., Ltd. (李字實業集團有限公司) (“**Lizi Industrial**”), an Independent Third Party, and 24% by Shanghai Hongziji Food Confluence Co., Ltd. (上海紅子雞美食總匯有限公司), an Independent Third Party.

Subsequent to a series of equity transfers and changes in registered capital, Shinsun Xinhe became wholly owned by Shinsun Property with a registered and paid-up capital of RMB130 million as of August 15, 2016. On September 23, 2016, the registered capital of Shinsun Xinhe was increased to RMB162.5 million and subsequently further increased to RMB203.1 million on November 18, 2016 through the capital injection of RMB32.5 million and RMB40.6 million, respectively, by Wanxiang Trust Co., Ltd. (萬向信託有限公司) (“**Wanxiang Trust**”), an Independent Third Party and a trust financing provider which entered into a trust financing arrangement with Shinsun Xinhe. Upon completion of such capital injections, Shinsun Xinhe became owned as to 64% by Shinsun Property and 36% by Wanxiang Trust, which was held as a security for the trust financing arrangement. Upon full repayment of the loan under the trust financing arrangement, on April 8, 2019, the registered capital of Shinsun Xinhe was decreased to RMB130 million through capital reduction of the equity interest held by Wanxiang Trust in the amount of RMB73.1 million. Upon completion of such capital reduction, Shinsun Xinhe became wholly-owned by Shinsun Property, with registered and paid-up capital of RMB130 million. There has been no change in the equity interest in Shinsun Xinhe since then.

Shinsun Xiangrui

Shinsun Xiangrui is the project company for our property development project, namely Zhuji Shinsun Mansion (諸暨祥生府) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on December 15, 2016 with an initial registered capital of RMB60 million. As of the date of its establishment, Shinsun Xiangrui was wholly owned by Shinsun Xinhe.

On March 14, 2017, the registered and paid-up capital of Shinsun Xiangrui was increased to RMB80 million through a capital injection of RMB20 million by Shinsun Xinhe. Upon completion of such capital injection, Shinsun Xiangrui remained wholly owned by Shinsun Xinhe. On May 2, 2017, the registered and paid-up capital of Shinsun Xiangrui was further increased to RMB100 million through a capital injection of RMB20 million by Wanxiang Trust,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

an Independent Third Party and a trust financing provider which entered into a trust financing arrangement with Shinsun Xiangrui. Upon completion of such capital injection, Shinsun Xiangrui became owned as to 80% by Shinsun Xinhe and 20% by Wanxiang Trust, which was held as a security for the trust financing arrangement. Upon full repayment of the loan under the trust financing arrangement, on May 29, 2019, the registered and paid-up capital of Shinsun Xiangrui was decreased to RMB80 million through a capital reduction of the equity interest held by Wanxiang Trust in the amount of RMB20 million. Upon completion of such capital reduction, Shinsun Xiangrui became wholly owned by Shinsun Xinhe, with registered and paid-up capital of RMB80 million. There has been no change in the equity interest in Shinsun Xiangrui since then.

Shinsun Yijing

Shinsun Yijing is the project company for our property development project, namely Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on February 6, 2017 with an initial registered capital of RMB50 million. As of the date of its establishment, Shinsun Yijing was wholly owned by Shinsun Property.

On March 30, 2017, the registered capital of Shinsun Yijing was increased to RMB98 million through a capital injection of RMB48 million by Ping An Trust Co., Ltd. (平安信託有限公司) (“**Ping An Trust**”), an Independent Third Party and a trust financing provider, which entered into a trust financing arrangement with Shinsun Yijing. Upon completion of such capital injection, Shinsun Yijing became owned as to 51% by Shinsun Property and 49% by Ping An Trust, which was held as a security for the trust financing arrangement. Upon full repayment of the loan under the trust financing arrangement, on March 15, 2018, Ping An Trust transferred its 49% equity interest in Shinsun Yijing to Shinsun Property at a consideration of RMB48 million, which was equal to the amount of capital injection by Ping An Trust under the trust financing arrangement. Upon completion of such equity transfer, Shinsun Yijing became wholly owned by Shinsun Property. There has been no change in the equity interest in Shinsun Yijing since then.

Shinsun Hongjing

Shinsun Hongjing is the project company for our property development project, namely Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on February 14, 2017 with an initial registered capital of RMB50 million which had not been paid up as of the date of establishment. As of the date of its establishment, Shinsun Hongjing was owned as to 60% by Shinsun Property, 20% by Zhuji Xiangyun Enterprise Management Consulting Co., Ltd. (諸暨市祥雲企業管理諮詢有限公司) (“**Zhuji Xiangyun Enterprise**”), a direct wholly-owned subsidiary of Shinsun Property, and 20% by Hangzhou Jinxiang Equity Investment Partnership (LP) (杭州金祥股權投資合夥企業(有限合夥)) (“**Hangzhou Jinxiang**”). Hangzhou Jinxiang was held as to 90% by Ms. Tu Shushu, a director of a subsidiary of our Company, and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

10% by Hangzhou Qianlong Investment Management Co., Ltd. (杭州潛龍投資管理有限公司) (“**Hangzhou Qianlong**”), a company owned as to 80% by Mr. Chen Guanqun, the nephew of Mr. Chen, and 20% by Mr. Chen, with Hangzhou Qianlong as the general partner and Ms. Tu Shushu as the limited partner.

On March 1, 2017, Hangzhou Jinxiang transferred its 20% equity interest in Shinsun Hongjing to Shinsun Property at nil consideration given that the registered capital of Shinsun Hongjing was not paid-up at the relevant time. Upon completion of such equity transfer, Shinsun Hongjing became owned as to 80% by Shinsun Property and 20% by Zhuji Xiangyun Enterprise. The registered capital of Shinsun Hongjing became fully paid up as to RMB40 million by Shinsun Property on April 27, 2017 and RMB10 million by Zhuji Xiangyun Enterprise on March 20, 2017.

On June 6, 2017, Zhuji Xiangyun Enterprise transferred its 20% equity interest in Shinsun Hongjing to Hangzhou Huishi Investment Management Partnership (LP) (杭州匯石投資管理合夥企業(有限合夥)) (“**Hangzhou Huishi**”), an Independent Third Party, pursuant to a financing arrangement entered into with Shinsun Property, at a consideration of RMB10 million, which was determined based on the then registered and paid-up capital of Shinsun Hongjing. Upon completion of such equity transfer, Shinsun Hongjing became owned as to 80% by Shinsun Property and 20% by Hangzhou Huishi, which was held as a security for such financing arrangement. Upon full repayment of the loan under the financing arrangement, on July 13, 2017, Hangzhou Huishi transferred its 20% equity interest in Shinsun Hongjing to Zhuji Xiangyun Enterprise at a consideration of RMB10 million, which was equal to the original consideration paid by Hangzhou Huishi under the trust financing arrangement. Upon completion of such transfer, Shinsun Hongjing became owned as to 80% by Shinsun Property and 20% by Zhuji Xiangyun Enterprise.

On December 18, 2018, Shinsun Property transferred its 20% equity interest in Shinsun Hongjing to Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司) (“**Zhelv Zhanjing**”), an Independent Third Party (other than being a substantial shareholder of Shinsun Hongjing and other subsidiaries of Shinsun Property), at a consideration of RMB10 million, which was determined based on the then registered and paid-up capital of Shinsun Hongjing. Upon completion of such equity transfer, Shinsun Hongjing became owned as to 60% by Shinsun Property, 20% by Zhuji Xiangyun Enterprise and 20% by Zhelv Zhanjing. There has been no change in the equity interest in Shinsun Hongjing since then. Zhelv Zhanjing, a state-owned enterprise, became acquainted with the management of our Group at a real estate conference for PRC property developers in 2017 and thereafter started to explore the possibility of forming a joint venture to develop a property project, namely Zhuji Shinsun Yunxi Jiuli (諸暨祥生雲溪九里). Since then, we have continued to cooperate with Zhelv Zhanjing to develop various property projects including Keqiao Shinsun Qunxian Mansion Garden (柯橋祥生群賢府雅園) and Quzhou Shinsun Guantang Mansion (衢州祥生觀棠府).

Shinsun Haining

Shinsun Haining is the project company for our property development project, namely Haining Shinsun Xinyu Mansion (海寧祥生新語府) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on April 18, 2016 with an initial registered capital of RMB50 million which had not been paid up as of the date of establishment. As of the date of its establishment, Shinsun Haining was owned as to 60% by Shinsun Property, 35% by Ms. Jin Yafei (金亞飛), an Independent Third Party, and 5% by Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司) (“**Zhejiang Mansidun**”), an Independent Third Party (other than being a substantial shareholder of Shinsun Haining). Zhejiang Mansidun became acquainted with our Group through its shareholder, which is one of our approved suppliers for elevators.

Subsequent to a series of equity transfer, as of November 21, 2016, Shinsun Haining became owned as to 60% by Shinsun Property and 40% by Zhejiang Mansidun. The registered capital of Shinsun Haining became fully paid up as to RMB30 million by Shinsun Property on December 6, 2016 and RMB20 million by Zhejiang Mansidun on September 29, 2016.

On December 15, 2016, Shinsun Property transferred its 5% equity interest in Shinsun Haining to Lujiazui International Trust Co., Ltd. (陸家嘴國際信託有限公司) (“**Lujiazui Trust**”), an Independent Third Party and a trust financing provider, pursuant to a trust financing arrangement entered into with Shinsun Haining, at nil consideration. Upon completion of such equity transfer, Shinsun Haining became owned as to 55% by Shinsun Property, 40% by Zhejiang Mansidun and 5% by Lujiazui Trust, which was held as a security for the trust financing arrangement. Upon full repayment of the loan under the trust financing arrangement, on July 13, 2017, Lujiazui re-transferred its 5% equity interest in Shinsun Haining to Shinsun Property at nil consideration. Upon completion of such equity transfer, Shinsun Haining became owned as to 60% by Shinsun Property and 40% by Zhejiang Mansidun.

On July 19, 2017, Shinsun Property transferred its 20% equity interest in Shinsun Haining to Zhejiang Mansidun as nominee at nil consideration due to a potential financing arrangement as agreed with the intended lender which required Zhejiang Mansidun to hold majority interest in Shinsun Haining. Given that the aforesaid potential financing arrangement did not materialize, on September 5, 2017, Zhejiang Mansidun transferred its 20% equity interest in Shinsun Haining back to Shinsun Property at nil consideration. Upon completion of such equity transfer, Shinsun Haining became owned as to 60% by Shinsun Property and 40% by Zhejiang Mansidun. There has been no change in the equity interest in Shinsun Haining since then.

Shanghai Jubo

Shanghai Jubo is the project company for our property development project, namely Shanghai Shinsun Hongkou Project (上海祥生虹口區項目) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on August 5, 2004 with an initial registered and paid-up capital of RMB10 million. As of the date of its

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

establishment, Shanghai Jubo was owned as to 80% by Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司) (“**Shanghai Julian**”), an Independent Third Party, 10% by Shanghai Yifang Real Estate Development Co., Ltd. (上海一方置業發展有限公司) (“**Shanghai Yifang**”), an Independent Third Party, and 10% by Wuxi Huashun Investment Industry Co., Ltd. (無錫華順投資置業有限公司) (“**Wuxi Huashun**”), an Independent Third Party.

On December 28, 2004, Shanghai Julian and Wuxi Huashun transferred their respective 75% and 5% equity interest in Shanghai Jubo to Shanghai Yifang at a total consideration of RMB8 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. Upon completion of such transfers, Shanghai Jubo became owned as to 90% by Shanghai Yifang, 5% by Wuxi Huashun and 5% by Shanghai Julian.

On June 14, 2005, Shanghai Yifang transferred its 85% and 5% equity interest in Shanghai Jubo to Shanghai Julian and Wuxi Huashun, respectively, at a total consideration of RMB9 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. Upon completion of such transfers, Shanghai Jubo became owned as to 90% by Shanghai Julian and 10% by Wuxi Huashun.

On July 7, 2005, Shanghai Julian transferred its 60%, 20% and 10% equity interest in Shanghai Jubo to Xiangsheng Industrial, Shanghai Kaixuan Trading Co., Ltd. (上海凱暄經貿有限公司) (“**Shanghai Kaixuan**”), an Independent Third Party, and Shanghai Zhonghong (Group) Co., Ltd. (上海中虹(集團)有限公司) (“**Shanghai Zhonghong**”), an Independent Third Party, respectively, at a total consideration of RMB9 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. In around 2004, the shareholder of Shanghai Julian became acquainted with Mr. Chen through introduction by a mutual friend in the industry. Considering the future business plan of Shanghai Julian and the intention of Shanghai Julian to scale down its investment in Shanghai Jubo, Mr. Chen decided to invest in Shanghai Jubo through Xiangsheng Industrial. On July 7, 2005, Wuxi Huashun transferred its entire 10% equity interest in Shanghai Jubo to Shanghai Julian at a consideration of RMB1 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. Upon completion of the aforesaid transfers, Shanghai Jubo became owned as to 60% by Xiangsheng Industrial, 20% by Shanghai Kaixuan, 10% by Shanghai Zhonghong and 10% by Shanghai Julian, with a registered and paid-up capital of RMB10 million.

On December 19, 2005, due to internal restructuring, Xiangsheng Industrial transferred its 60% equity interest in Shanghai Jubo to Zhejiang Wuzhou Real Estate Development Co., Ltd. (浙江五洲房地產開發有限公司) (“**Zhejiang Wuzhou**”), an indirect wholly-owned subsidiary of our Company, at a consideration of RMB6 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo at the time of such transfer. Upon completion of such transfer, Shanghai Jubo became owned as to 60% by Zhejiang Wuzhou, 20% by Shanghai Kaixuan, 10% by Shanghai Zhonghong and 10% by Shanghai Julian.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Due to internal restructuring, on July 14, 2008, Zhejiang Wuzhou transferred its 60% equity interest in Shanghai Jubo to Shinsun Property at a consideration of RMB6 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. Upon completion of such transfer, Shanghai Jubo became owned as to 60% by Shinsun Property, 20% by Shanghai Kaixuan, 10% by Shanghai Zhonghong and 10% by Shanghai Julian.

On January 20, 2010, Shanghai Kaixuan transferred its entire 20% equity interest in Shanghai Jubo to Shinsun Property at a consideration of RMB2 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. On March 30, 2016, the registered capital of Shanghai Jubo was increased to RMB100 million through capital injections of RMB72 million by Shinsun Property, RMB9 million by Shanghai Kaixuan and RMB9 million by Shanghai Zhonghong. Upon completion of such transfer and capital injections, Shanghai Jubo became owned as to 80% by Shinsun Property, 10% by Shanghai Zhonghong and 10% by Shanghai Julian, with a registered and paid-up capital of RMB100 million.

On June 2, 2016, Shinsun Property transferred its 10% equity interest in Shanghai Jubo to Huabao Trust Co., Ltd. (華寶信託有限責任公司) (“**Huabao Trust**”), an Independent Third Party and a trust financing provider, pursuant to a trust financing arrangement entered into with Shanghai Jubo, at a consideration of RMB10 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo at the time of such transfer. Upon completion of such equity transfer, Shanghai Jubo became owned as to 70% by Shinsun Property, 10% by Shanghai Zhonghong, 10% by Shanghai Julian and 10% by Huabao Trust, which was held as a security for the trust financing arrangement. The 10% equity interest in Shanghai Jubo held by Huabao Trust will be transferred back to Shinsun Property at a consideration of RMB10 million, which will be equal to the original consideration paid by Huabao Trust, and the pledge over 70% equity interest in Shanghai Jubo will be released upon full repayment of the loan, which will be due in 2026, under the relevant trust financing arrangement. See “Financial Information — Indebtedness — Bank and other Borrowings — Trust Financing” in this Prospectus for details of the financing arrangements with trust companies and asset management companies.

On August 9, 2016, Shanghai Zhonghong transferred its 10% equity interest in Shanghai Jubo to Shanghai Julian by way of listing-for-sale on Shanghai United Assets and Equity Exchange through an open selection of transferees at a consideration of approximately RMB76.6 million, which was determined through the public listing and sale process. Upon completion of such equity transfer, Shanghai Jubo became owned as to 70% by Shinsun Property, 20% by Shanghai Julian and 10% by Huabao Trust held pursuant to the trust financing arrangement.

On July 29, 2020, Shanghai Julian transferred its 2.5% equity interest in Shanghai Jubo to Shinsun Property at a consideration of RMB2.5 million, which was determined based on the then registered and paid-up capital of Shanghai Jubo. On the same date, the registered capital of Shanghai Jubo was increased to RMB770 million through capital injections of RMB552.75 million by Shinsun Property and RMB117.25 million by Shanghai Julian by way of conversion

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

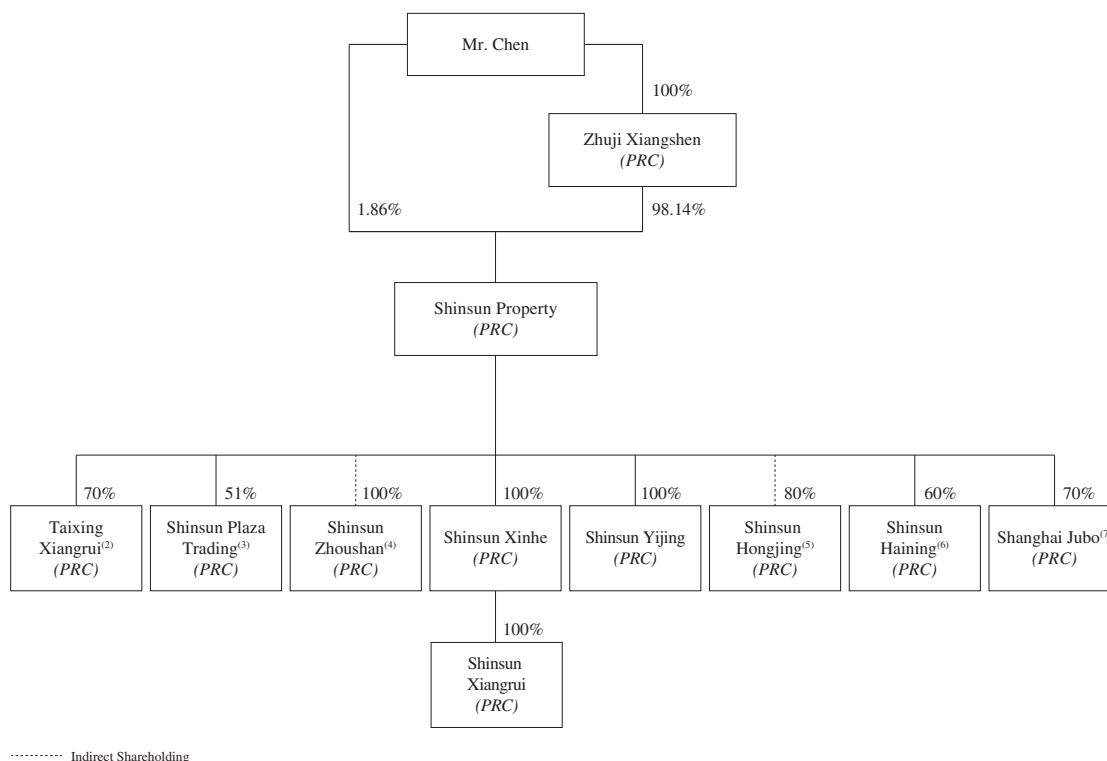
of their respective shareholders' loans into the paid-up capital of Shanghai Jubo. Upon completion of such equity transfer and capital injections, Shanghai Jubo became owned as to approximately 81.2% by Shinsin Property, approximately 17.5% by Shanghai Julian and approximately 1.3% by Huabao Trust (held pursuant to the trust financing arrangement), with a registered and paid-up capital of RMB770 million. There has been no change in the equity interest in Shanghai Jubo since then.

As of April 30, 2020, we had more than 200 subsidiaries. We have adopted a complex Group structure with a large number of subsidiaries due to the customary practice of the property development industry in the PRC to establish a project company for each new property project. This allows for flexibility in the relevant licensing, compliance and financial risk management when our Group develops and completes property projects in its ordinary course of business.

REORGANIZATION

In preparation for the Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group and our PRC operations were transferred to our Company.

The following chart sets forth a simplified corporate structure⁽¹⁾ of our Group immediately before the Reorganization:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) The above chart only includes shareholding information relating to our principal operating subsidiaries. For details relating to our principal operating subsidiaries, please refer to “— Our Corporate Developments” in this section above.
- (2) The remaining 30% equity interest in Taixing Xiangrui was held by Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司), which is owned as to 50% by Mr. Zhao Hongwei (趙紅衛), a director of Shinsun Property, and 50% by Ms. Chen Huiping (陳慧萍), the spouse of Mr. Zhao Hongwei.
- (3) The remaining 49% equity interest in Shinsun Plaza Trading was held by Xiangsheng Industrial, a company owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni.
- (4) Shinsun Zhoushan is wholly owned by Shinsun Property, of which 90% equity interest is held directly by Shinsun Property and 10% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangpeng Enterprise Management Co., Ltd. (諸暨市祥鵬企業管理有限公司).
- (5) Shinsun Hongjing is owned as to 80% by Shinsun Property, of which 60% equity interest is held directly by Shinsun Property and 20% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangyun Enterprise Management Consulting Co., Ltd. (諸暨市祥雲企業管理諮詢有限公司). The remaining 20% equity interest in Shinsun Hongjing was held by Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Hongjing and other subsidiaries of Shinsun Property).
- (6) The remaining 40% equity interest in Shinsun Haining was held by Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Haining).
- (7) The remaining 30% equity interest in Shanghai Jubo was held as to 20% by Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司), an Independent Third Party, and 10% by Huabao Trust Co., Ltd. (華寶信託有限責任公司), an Independent Third Party, pursuant to the trust financing arrangement.

In preparation for the Listing, the following Reorganization steps were implemented to establish our Group:

Capital injection by Zhuji Zhuoqun Partnership into Zhuji Xiangshen

On December 26, 2019, Zhuji Zhuoqun Partnership made a capital injection of RMB1 million into Zhuji Xiangshen, a company which holds 98.14% equity interest in Shinsun Property, the principal onshore holding company of our Group. Such capital injection was fully paid up in cash on May 22, 2020. Upon completion of such capital injection, Zhuji Xiangshen was owned as to 99% by Mr. Chen and 1% by Zhuji Zhuoqun Partnership. Zhuji Zhuoqun Partnership is owned as to 99% by Mr. Chen, being the general partner, and 1% by Mr. Chen Guanqun, being the limited partner and the nephew of Mr. Chen.

Establishment of Zhuji Zhuojie

Zhuji Zhuojie was established in the PRC with limited liability on December 27, 2019 to act as a holding company for Shinsun Property. As of the date of its establishment, it had a registered capital of RMB9.7 million which was fully paid up on April 17, 2020 and wholly-owned by Zhuji Xiangshen.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Capital injection by Zhuji Xiangshen into Zhuji Zhuojie

On December 30, 2019, Zhuji Xiangshen injected its 98.14% equity interest in Shinsun Property into Zhuji Zhuojie which is equivalent to approximately RMB2.5 billion as the capital reserve of Zhuji Zhuojie. Upon completion of such capital injection, Shinsun Property was owned as to 98.14% by Zhuji Zhuojie and 1.86% by Mr. Chen.

Acquisition of 1.86% interest in Shinsun Property by Zhuji Zhuojie

On January 20, 2020, Mr. Chen transferred his 1.86% equity interest in Shinsun Property to Zhuji Zhuojie at a consideration of approximately RMB59.8 million, which was determined after arm's length negotiations between the parties with reference to the fair value of the shareholders' equity of Shinsun Property as of November 30, 2019, which included all assets and liabilities of Shinsun Property such as receivables, long-term equity investment and fixed assets, as appraised by an independent valuer. The consideration was settled in cash on April 17, 2020 and such transaction was accounted for as deemed distribution to Mr. Chen during the four months ended April 30, 2020. Upon completion of such equity transfer, Shinsun Property became wholly-owned by Zhuji Zhuojie.

Acquisition of PRC companies

To avoid potential competition between businesses of our Controlling Shareholders and the businesses of our Group, as part of the Reorganization, we acquired the following companies which are engaged in the core business of our Group:

- (a) **10% equity interest in Huzhou Shinsun Yiyue Real Estate Development Co., Ltd.**
(湖州祥生宜越房地產開發有限公司) (“*Shinsun Yiyue*”)

Shinsun Yiyue is a company primarily engaged in property development and was our non-wholly owned subsidiary owned as to 90% by Shinsun Property and 10% by Hangzhou Cibao Investment Co., Ltd. (杭州慈抱投資有限公司) (“**Hangzhou Cibao**”), a company wholly-owned by Hangzhou Saiyi Asset Management Co., Ltd. (杭州賽憶資產管理有限公司), which is in turn wholly-owned by Xiangsheng Industrial, a company owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, immediately prior to the Reorganization. On March 16, 2020, Shinsun Property acquired 10% equity interest in Shinsun Yiyue from Hangzhou Cibao at a consideration of RMB3 million, which was determined with reference to the then registered and paid-up capital of Shinsun Yiyue at the time of acquisition. The consideration was settled in cash on May 21, 2020 and such transaction was accounted for as deemed distribution to Hangzhou Cibao during the four months ended April 30, 2020. Upon completion of such equity transfer, Shinsun Yiyue became wholly-owned by Shinsun Property.

(b) 49% equity interest in Shinsun Plaza Trading

Shinsun Plaza Trading is a company primarily engaged in property development and was our non-wholly owned subsidiary owned as to 51% by Shinsun Property and 49% by Xiangsheng Industrial, a company owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, immediately prior to the Reorganization. On April 24, 2020, Shinsun Property acquired 49% equity interest in Shinsun Plaza Trading from Xiangsheng Industrial at a consideration of RMB63.7 million, which was determined after arm's length negotiations between the parties with reference to the fair value of the shareholders' equity of Shinsun Plaza Trading as of December 31, 2019, which included all assets and liabilities of Shinsun Plaza Trading such as receivables and fixed assets, as appraised by an independent valuer. The consideration was settled in cash on May 8, 2020 and such transaction was accounted for as deemed distribution to Xiangsheng Industrial during the four months ended April 30, 2020. Upon completion of such equity transfer, Shinsun Plaza Trading became wholly-owned by Shinsun Property.

(c) 100% issued share capital of Hong Run International Holdings Limited (弘潤國際控股有限公司) (“Hong Run International”)

Hong Run International is a holding company which holds 30% equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) (“**Zoucheng Xiangyi**”), a company primarily engaged in property development. Hong Run International was wholly owned by Ms. Zhu Guoling, the spouse of Mr. Chen, immediately prior to the Reorganization. On March 12, 2020, Hong Run International acquired 30% equity interest in Zoucheng Xiangyi from Hong Yuan International Holdings Limited (弘源國際控股有限公司) (“**Hong Yuan International**”), a company also wholly owned by Ms. Zhu Guoling, at a consideration of USD35 million, which was determined with reference to the then registered and paid-up capital of Zoucheng Xiangyi. The consideration was settled in cash on June 1, 2020 and such transaction was accounted for as deemed distribution to Hong Yuan International Holdings during the four months ended April 30, 2020. On April 22, 2020, Xiang Sheng Development Limited (香港祥生發展有限公司) (“**Hong Kong Xiang Sheng**”), our wholly-owned subsidiary, acquired 100% issued share capital of Hong Run International from Ms. Zhu Guoling at a nominal consideration of HK\$1, which was determined after arm's length negotiations between the parties with reference to the net asset value of Hong Run International as of March 31, 2020. The consideration was settled in cash on May 22, 2020 and such transaction was accounted for as deemed distribution to Ms. Zhu Guoling during the four months ended April 30, 2020. Upon completion of such equity transfer, Hong Run International became wholly-owned by Hong Kong Xiang Sheng.

(d) 48.98% equity interest in Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司) (“Shinsun Hongyue”)

Shinsun Hongyue is a company primarily engaged in property development and was our non-wholly owned subsidiary, which was owned as to 51.02% by Shinsun Property and 48.98% by Hong Yuan International, a company wholly owned by Ms. Zhu Guoling, the spouse of Mr. Chen, immediately prior to the Reorganization. On March 31, 2020, Shinsun Property acquired 48.98% equity interest in Shinsun Hongyue from Hong Yuan International at a consideration of RMB651 million, which was determined after arm’s length negotiations between the parties with reference to the fair value of the shareholders’ equity of Shinsun Hongyue as of December 31, 2019, which included all assets and liabilities of Shinsun Hongyue such as inventories, as appraised by an independent valuer. The consideration was settled in cash by August 25, 2020. Such transaction was accounted for as deemed distribution to Hong Yuan International during the four months ended April 30, 2020. Upon completion of such equity transfer, Shinsun Hongyue was wholly-owned by Shinsun Property.

(e) 100% equity interest in Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd. (浙江祥生弘創建築科技有限公司) (“Shinsun Hongchuang”)

Shinsun Hongchuang is the holding company of Hangzhou Xiangyi Apartment Management Co., Ltd. (杭州祥義公寓管理有限公司) (“Xiangyi Apartment”) and was owned as to 51% by Ms. Yao Xiaozhen, our executive Director, and 49% by Xiangsheng Construction, a company indirectly owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, our executive Director, immediately prior to the Reorganization. As of the Latest Practicable Date, each of Shinsun Hongchuang and Xiangyi Apartment had no active business operation. In view of our potential plan to utilize Xiangyi Apartment as a platform for our development of serviced apartment operation business in the future, on April 7, 2020, Shinsun Property acquired 51% equity interest in Shinsun Hongchuang from Ms. Yao Xiaozhen at a consideration of RMB51 million, which was determined after arm’s length negotiations between the parties with reference to the then registered and paid-up capital of Shinsun Hongchuang at the time of such acquisition, and 49% equity interest in Shinsun Hongchuang from Xiangsheng Construction at nil consideration given that its registered capital in Shinsun Hongchuang had not been paid-up at the time of such acquisition. The consideration was settled in cash by May 25, 2020. Upon completion of such equity transfer, Shinsun Hongchuang became wholly-owned by Shinsun Property.

Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Listing Rules of any of the acquisitions conducted by our Group during the Track Record Period exceeds 25%. Accordingly, the relevant pre-acquisition financial information is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Disposal of PRC companies

Ancillary businesses require expertise, management and other resources which are different from our core business, namely, property development and sales. To focus our resources primarily on property development and sales business and in order to achieve clear business delineation between our Group and the companies owned by our Controlling Shareholders, we disposed of the following companies which are engaged in certain ancillary businesses:

Property management business

(a) 100% equity interest in Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業有限公司) (“Xiangsheng Yuedu”)

Xiangsheng Yuedu was established on May 25, 2009 as a limited liability company for the purpose of providing property management services. On March 30, 2020, Liaoning Xiangsheng Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司) (“**Liaoning Xiangsheng**”), a company owned as to 51% by Shinsun Property and 49% by Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司) (“**Zhuji Yuedu**”), a company owned as to 80% by Mr. Zhao Leiyi, our executive Director, and 20% by Ms. Zhen Heqian, his spouse, transferred 51% and 49% equity interest in Xiangsheng Yuedu to Xiangsheng Property Management, a company owned as to 98% by Xiangsheng Industrial and 2% by Ms. Zhu Guoling, the spouse of Mr. Chen, and Zhuji Yuedu at a total consideration of RMB500,000, which was determined based on the then registered and paid-up capital of Xiangsheng Yuedu at the time of such transfers. The respective consideration was settled by Xiangsheng Property Management on May 25, 2020 and by Zhuji Yuedu on May 20, 2020. Upon completion of such equity transfers, Xiangsheng Yuedu ceased to be a subsidiary of Liaoning Xiangsheng.

Hotel business

(b) 100% equity interest in Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd. (湖北祥生仙苑國際大酒店管理有限公司) (“Xiangsheng Xianyuan Hotel Management”)

Xiangsheng Xianyuan Hotel Management was established on June 5, 2012 as a limited liability company for the purpose of operating and managing Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) located in Hubei, the PRC. On March 24, 2020, Shinsun Property, our wholly-owned subsidiary, transferred 100% equity interest in Xiangsheng Xianyuan Hotel Management to Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司), a company wholly owned by Xiangsheng Industrial, at a consideration of approximately RMB22 million, which was determined with reference to the investment cost of Shinsun Property in Xiangsheng Xianyuan Hotel

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Management. The consideration was settled in cash on May 22, 2020. Upon completion of such equity transfer, Xiangsheng Xianyuan Hotel Management ceased to be a subsidiary of Shinsun Property.

(c) 100% equity interest in Zhuji Xiangsheng Youqiju Hotel Co., Ltd. (諸暨祥生幽憩居酒店有限公司) (“Xiangsheng Youqiju Hotel”)

Xiangsheng Youqiju Hotel was established on June 19, 2018 as a limited liability company for the purpose of operating and managing Zhuji Xiangsheng Youqiju Hotel (諸暨祥生幽憩居酒店) located in Shaoxing, the PRC. On January 14, 2020, Zhejiang Zhuji Xiangsheng Tourism Culture Development Co., Ltd. (浙江諸暨祥生旅遊文化發展有限公司) (“**Xiangsheng Tourism Culture**”), a wholly-owned subsidiary of Zhejiang Xiangjing Tourism Industry Development Co., Ltd. (浙江祥景旅遊產業發展有限公司), which is in turn wholly owned by Shinsun Property, transferred 100% equity interest in Xiangsheng Youqiju Hotel to Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司) at a consideration of RMB5 million, which was determined with reference to the then registered and paid-up capital of Xiangsheng Youqiju Hotel at the time of such transfer. The consideration was settled in cash on April 13, 2020. Upon completion of such equity transfer, Xiangsheng Youqiju Hotel ceased to be a subsidiary of Xiangsheng Tourism Culture.

To the best knowledge of our Directors, our Company was not aware of any non-compliance with any applicable PRC laws and regulations of the disposed companies in the course of the Reorganization during the Track Record Period and up to their respective dates of disposal from our Group which would have a material adverse effect on our Group’s business operation and financial condition.

Capital injection into Zhuji Zhuojie by Golden Stone HK

See “— Pre-IPO Investment — Investment by the Pre-IPO Investor” below for details. Upon completion of the pre-IPO investment, on April 2, 2020, Zhuji Zhuojie became owned as to 99% by Zhuji Xiangshen and 1% by Golden Stone HK.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 13, 2019 to act as the holding company and listing vehicle of our Group. As of the date of its incorporation, the authorized share capital of our Company was US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of its incorporation, one fully-paid share of our Company was issued and allotted at par to an initial subscriber, an Independent Third Party, and such share was transferred to Shinlight Limited, which was then wholly-owned by Mr. Chen, at a consideration of US\$1.00 on the same date. Upon completion of such transfer, our Company then became wholly-owned by Shinlight Limited.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Establishment of the Family Trust

On March 31, 2020, Mr. Chen transferred one share in Shinlight Limited, representing the entire issued share capital of Shinlight Limited, by way of gift to Shinfamily Holdings, a company incorporated in the BVI by TMF (Cayman) Ltd., the trustee of the Family Trust, as the holding vehicle for the administration of the Family Trust which is a discretionary trust. The beneficiaries of the Family Trust are Mr. Chen and his family members.

Incorporation of Shinsun International

Shinsun International was incorporated in the BVI with limited liability on January 2, 2020 as the intermediate holding company of our Group in the BVI. On the date of its incorporation, one fully-paid share of Shinsun International was issued and allotted to our Company at par and Shinsun International then became wholly-owned by our Company.

Incorporation of Shinsun Hong Kong

Shinsun Hong Kong was incorporated in Hong Kong with limited liability on February 24, 2020 as the intermediate holding company of our Group in Hong Kong. As of the date of its incorporation, 10,000 shares of Shinsun International were issued and allotted to Shinsun International at a subscription price of HK\$10,000 and Shinsun Hong Kong then became wholly-owned by Shinsun International.

Establishment of Xiangshen Business Consulting

Xiangshen Business Consulting was established in the PRC with limited liability on March 18, 2020 as the intermediate holding company of our Group in the PRC. As of the date of its establishment, it had a registered capital of RMB10 million to be fully paid up pursuant to the articles of association of Xiangshen Business Consulting. Since its establishment, Xiangshen Business Consulting has been wholly-owned by Shinsun Hong Kong.

Capital injection by Xiangshen Business Consulting into Zhuji Zhuojie

On May 7, 2020, Xiangshen Business Consulting made a capital injection of approximately RMB15.2 million into Zhuji Zhuojie, which was fully paid up in cash on May 14, 2020. Upon completion of such capital injection, Zhuji Zhuojie was owned as to 60.8081% by Xiangshen Business Consulting, 38.8% by Zhuji Xiangshen and 0.3919% by Golden Stone HK.

Acquisition of the remaining interest in Zhuji Zhuojie by Xiangshen Business Consulting

On May 11, 2020, Zhuji Xiangshen transferred its 38.8% equity interest in Zhuji Zhuojie to Xiangshen Business Consulting at a consideration of approximately RMB2.5 billion, which was determined after arm's length negotiations between the parties with reference to the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

investment cost of Zhuji Xiangshen in Zhuji Zhuojie. The consideration was settled in cash by May 14, 2020. Upon completion of such equity transfer, Zhuji Zhuojie was owned as to 99.6081% by Xiangshen Business Consulting and 0.3919% by Golden Stone HK.

Subdivision of shares in our Company

On May 11, 2020, each of our issued and unissued shares of US\$1.00 each was subdivided into 100 Shares of US\$0.01 each. Upon completion of the share subdivision, 100 Shares were held by Shinlight Limited.

Acquisition of Silver Rock by our Company

On May 20, 2020, Golden Stone transferred one share of Silver Rock, representing the entire issued share capital of Silver Rock, to our Company which was settled by way of the issue and allotment of 10 Shares of US\$0.01 each to Golden Stone. On the same date, our Company issued and allotted 890 Shares of US\$0.01 each to Shinlight Limited. Upon completion of such share transfer and issue and allotment of Shares, Silver Rock became our direct wholly-owned subsidiary and our Company was owned as to 99% by Shinlight Limited and 1% by Golden Stone.

See “— Corporate Structure Immediately after the Completion of the Reorganization and the Pre-IPO Investment” below for our corporate structure upon the completion of the Reorganization and the pre-IPO investment.

PRE-IPO INVESTMENT

Investment by the Pre-IPO Investor

As of February 27, 2020, Golden Stone HK was a direct wholly-owned subsidiary of Silver Rock, which was in turn wholly-owned by Golden Stone. Golden Stone was directly wholly-owned by the Pre-IPO Investor.

On April 1, 2020, Golden Stone HK entered into a joint venture agreement with Zhuji Xiangshen, pursuant to which Golden Stone HK made a capital injection of RMB62 million into Zhuji Zhuojie, among which RMB97,980 was contributed to the registered capital of Zhuji Zhuojie and the remaining RMB61,902,020 to the capital reserve of Zhuji Zhuojie. The consideration was determined with reference to the appraised value of the shareholders' equity of Zhuji Zhuojie of approximately RMB6.2 billion as of December 31, 2019 by an independent valuer and was fully paid up in cash on April 29, 2020. Upon completion of such capital injection, Zhuji Zhuojie became owned as to 99% by Zhuji Xiangshen and 1% by Golden Stone HK, with a registered and paid-up capital of approximately RMB9.8 million.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On May 20, 2020, Golden Stone entered into a share swap agreement (the “**Share Swap Agreement**”) with our Company, pursuant to which Golden Stone transferred one share of Silver Rock, representing the entire issue share capital of Silver Rock, to our Company in consideration of the issue and allotment of 10 Shares of US\$0.01 each to Golden Stone.

Details of the Pre-IPO Investor’s investment (the “**Pre-IPO Investment**”) are set forth below:

Name of the Pre-IPO Investor:	Mr. Shou Bainian (壽柏年)
Date of agreement:	April 1, 2020
Amount of consideration paid:	RMB62 million (equivalent to approximately HK\$71.8 million) (through its investment in Zhuji Zhuojie)
Basis of determination of the consideration:	After arm’s length negotiations between the parties with reference to the appraised value of the shareholders’ equity of Zhuji Zhuojie of approximately RMB6.2 billion as of December 31, 2019 as appraised by an independent valuer
Consideration payment date:	April 29, 2020
Cost per Share ⁽¹⁾ :	Approximately RMB2.58 (equivalent to approximately HK\$2.99)
Discount to mid-point of the Offer Price range ⁽¹⁾ :	Approximately 48.5%
Use of proceeds:	Contribution of RMB97,980 to the registered capital of Zhuji Zhuojie and the remaining RMB61,902,020 to the capital reserve of Zhuji Zhuojie
Shareholding in our Company immediately after the completion of the Pre-IPO Investment ⁽¹⁾	1%
Shareholding in our Company immediately after the completion of the Global Offering ^{(1),(2)} :	0.8%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Strategic benefits to our Group:

Our Directors are of the view that our Group can benefit from the Pre-IPO Investment as it demonstrates the Pre-IPO Investor's confidence in the operations of our Group and serves as an endorsement of our Group's performance, strength and prospects, which can assist us in broadening our shareholder base. In addition, Mr. Shou Bainian's positioning as a strategic investor of our Company, coupled with his extensive investment experience and business network in the PRC real estate and property development industry, will add value to the profile of our Company

Special rights:

None of Golden Stone and the Pre-IPO Investor is entitled to any special rights under the Pre-IPO Investment

Notes:

- (1) Calculated on the basis of the number of Shares to be held by Golden Stone immediately after the completion of the Capitalization Issue but before the completion of the Global Offering.
- (2) Without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme.

The consideration for the Pre-IPO Investment was determined after arm's length negotiations with reference to appraised value of the shareholders' equity of Zhuji Zhuojie of approximately RMB6.2 billion as of December 31, 2019 as appraised by an independent valuer using the market approach. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the risk assumed by the Pre-IPO Investor for investment in an unlisted company including the uncertainty of the completion of the Global Offering and Listing; (ii) the strategic benefits which would be brought by Mr. Shou to our Group as detailed in "— Information regarding the Pre-IPO Investor" in this section below; and (iii) the six-month lock-up restriction undertaken by Golden Stone commencing on the Listing Date.

Information regarding the Pre-IPO Investor

Golden Stone is an investment holding company incorporated in the BVI and wholly owned by Mr. Shou Bainian. Mr. Shou has over 15 years of experience in the PRC real estate industry including the experience gained in his previous role as the vice executive chairman and the general manager of Greentown Property Group Co., Ltd. (綠城房地產集團有限公司), a wholly-owned subsidiary of Greentown China Holdings Limited (Stock Code: 3900) ("**Greentown China**"), a property developer and integrated living services provider in the PRC whose shares are listed on the Main Board of the Stock Exchange, from April 1998 to March 2015, and an executive director of Greentown China from July 2006 to April 2018. Mr. Shou

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

has also served as the non-executive Director of Greentown Service Group Co. Ltd. (Stock Code: 2869) (“**Greentown Service**”), a property management service provider in the PRC whose shares are listed on the Main Board of the Stock Exchange since November 2015. Mr. Shou is also an experienced investor with over 13 years of experience in equity investment in various industries including property development, property management, medical and healthcare and education in the PRC. Mr. Shou has been the ultimate controlling shareholder of Greentown Service since August 2015. He also held equity interest in Greentown China between July 2006 and January 2018.

Mr. Shou became acquainted with Mr. Chen at business and social events for real estate industry in around 2005 and they maintained regular contact thereafter. Considering the long-term prospects of the property market in the PRC, historical financial performance and the growth potential of the business of our Group, Mr. Shou decided to invest in our Group. In the second half of 2019, Mr. Chen and Mr. Shou started to explore investment opportunities in our Group and Mr. Shou reached an agreement and concluded his investment in our Group as described above. With Mr. Shou’s years of experience in the PRC real estate industry and equity investment, our Directors believe that Mr. Shou could provide our Group with industry-specific insights and strategic advice on our development expansion plan as and when required. Mr. Shou’s relationships and connections within his business network in the PRC real estate and property development industry established over the years will bring synergies to our Group’s property development business. Other than the shareholding in our Group, Golden Stone and Mr. Shou Bainian are independent from our Group.

Lock-up and Public Float

As the Pre-IPO Investor is not a core connected person of the Company and the Pre-IPO Investment was not financed directly or indirectly by any core connected persons of the Company, Shares held by Golden Stone will be counted towards the public float after the Listing.

Golden Stone has agreed that it will not, at any time during the period from May 20, 2020, being the date of the Share Swap Agreement, to the date falling six months following the Listing, dispose of any of the Shares directly or indirectly held by it.

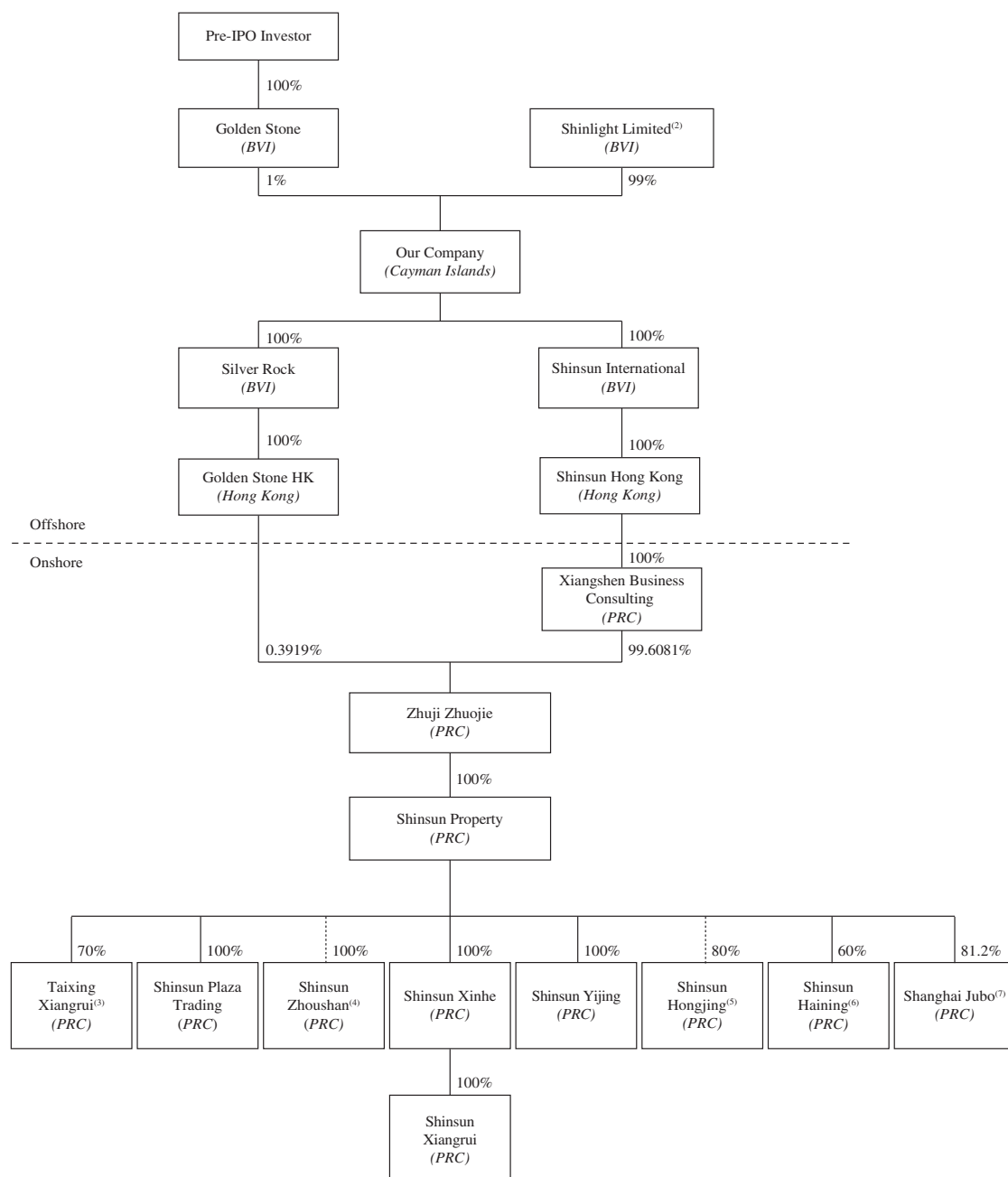
Compliance with Interim Guidance

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE REORGANIZATION AND THE PRE-IPO INVESTMENT

The following chart sets forth a simplified corporate structure⁽¹⁾ of our Group immediately after the completion of the Reorganization and the Pre-IPO Investment, but before the completion of the Capitalization Issue and the Global Offering:



----- Indirect Shareholding

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) The above chart only includes shareholding information relating to our principal subsidiaries. For details relating to our principal operating subsidiaries, please refer to “— Our Corporate Developments” in this section above.
- (2) Shinlight Limited is wholly owned by Shinfamily Holdings, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries.
- (3) The remaining 30% equity interest in Taixing Xiangrui was held by Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司), which is owned as to 50% by Mr. Zhao Hongwei (趙紅衛), a director of Shinsun Property, and 50% by Ms. Chen Huiping (陳慧萍), the spouse of Mr. Zhao Hongwei.
- (4) Shinsun Zhoushan is wholly owned by Shinsun Property, of which 90% equity interest is held directly by Shinsun Property and 10% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangpeng Enterprise Management Co., Ltd. (諸暨市祥鵬企業管理有限公司).
- (5) Shinsun Hongjing is owned as to 80% by Shinsun Property, of which 60% equity interest is held directly by Shinsun Property and 20% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangyun Enterprise Management Consulting Co., Ltd. (諸暨市祥雲企業管理諮詢有限公司). The remaining 20% equity interest in Shinsun Hongjing was held by Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Hongjing and other subsidiaries of Shinsun Property).
- (6) The remaining 40% equity interest in Shinsun Haining was held by Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Haining).
- (7) The remaining 18.8% equity interest in Shanghai Jubo was held as to approximately 17.5% by Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司), an Independent Third Party, and approximately 1.3% by Huabao Trust Co., Ltd. (華寶信託有限責任公司), an Independent Third Party, pursuant to the trust financing arrangement.

INCREASE IN AUTHORIZED SHARE CAPITAL

On October 20, 2020, our authorized share capital was increased from US\$50,000 to US\$200,000,000 by the creation of additional 19,995,000,000 Shares, such that following the increase in authorized share capital, the authorized share capital of our Company was US\$200,000,000 divided into 20,000,000,000 Shares of US\$0.01 each.

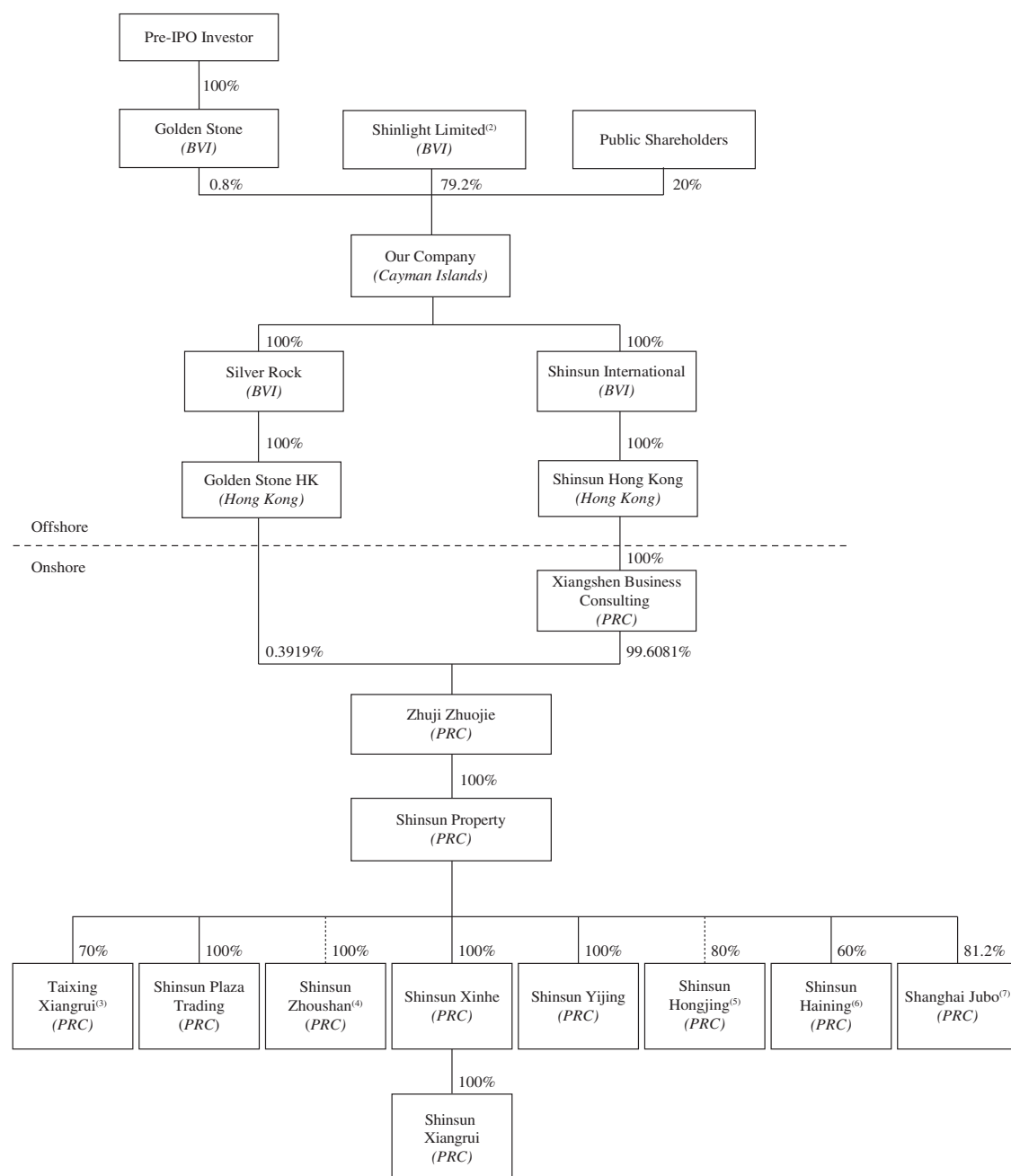
CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on October 20, 2020, conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorized to capitalize an amount of US\$23,999,990 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 2,399,999,000 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholding in our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following chart sets forth a simplified corporate structure⁽¹⁾ of our Group upon immediately after completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme):



----- Indirect Shareholding

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) The above chart only includes shareholding information relating to our principal operating subsidiaries. For details relating to our principal subsidiaries, please refer to “— Our Corporate Developments” in this section above.
- (2) Shinlight Limited is wholly owned by Shinfamily Holdings, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries.
- (3) The remaining 30% equity interest in Taixing Xiangrui was held by Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司), which is owned as to 50% by Mr. Zhao Hongwei (趙紅衛), a director of Shinsun Property, and 50% by Ms. Chen Huiping (陳慧萍), the spouse of Mr. Zhao Hongwei.
- (4) Shinsun Zhoushan is wholly owned by Shinsun Property, of which 90% equity interest is held directly by Shinsun Property and 10% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangpeng Enterprise Management Co., Ltd. (諸暨市祥鵬企業管理有限公司).
- (5) Shinsun Hongjing is owned as to 80% by Shinsun Property, of which 60% equity interest is held directly by Shinsun Property and 20% equity interest is held through its wholly-owned subsidiary, Zhuji Xiangyun Enterprise Management Consulting Co., Ltd. (諸暨市祥雲企業管理諮詢有限公司). The remaining 20% equity interest in Shinsun Hongjing was held by Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Hongjing and other subsidiaries of Shinsun Property).
- (6) The remaining 40% equity interest in Shinsun Haining was held by Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司), an Independent Third Party (other than being a substantial shareholder of Shinsun Haining).
- (7) The remaining 18.8% equity interest in Shanghai Jubo was held as to approximately 17.5% by Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司), an Independent Third Party, and approximately 1.3% by Huabao Trust Co., Ltd. (華寶信託有限責任公司), an Independent Third Party, pursuant to the trust financing arrangement.

PRC REGULATORY REQUIREMENTS

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

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

According to the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “**Foreign Investment Information Measures**”), since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures. As advised by our PRC Legal Advisors, Zhuji Zhuojie has completed the required reporting procedure and obtained the new business license for the 1% capital contribution by Golden Stone HK (the “**First Capital Increase**”) according to the Foreign Investment Information Measures in April 2020.

Upon the completion of the First Capital Increase, Zhuji Zhuojie became a foreign-invested enterprise. For the subsequent capital injection of approximately RMB15.2 million into Zhuji Zhuojie by Xiangshen Business Consulting (the “**Second Capital Increase**”) and the acquisition of 38.8% equity interest in Zhuji Zhuojie by Xiangshen Business Consulting (the “**Third Acquisition**”), which happened after Zhuji Zhuojie was converted into a foreign-invested enterprise, was deemed as having caused changes in shareholders due to the acquisition of equity interests of a foreign-invested enterprise. As advised by our PRC Legal Advisors, the M&A Rules do not apply to equity transfers of an established foreign-invested enterprise by the domestic party to foreign parties and accordingly, the M&A Rules are not applicable to the Second Capital Increase and the Third Acquisition. Instead, the Second Capital Increase and the Third Acquisition shall comply with the Foreign Investment Information Measures. Zhuji Zhuojie has completed the required reporting procedure and the new business license in May 2020 respectively.

SAFE Registration in the PRC

Pursuant to the Circular on the Administration of Foreign Exchange Involved in the Investment and Financing and Round-trip Investment Conducted by PRC Residents via Special Purpose Vehicles 《(關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)》 (“**SAFE Circular No. 37**”) issued by SAFE on July 4, 2014 and Circular 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)》 (“**SAFE Circular No. 13**”), where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC Legal Advisors, Mr. Chen has completed the registration on December 25, 2019 and April 21, 2020 as required by SAFE Circular No. 37 and SAFE Circular No. 13.

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA during the Track Record Period. According to the China Real Estate Index System, we were ranked third among all residential property developers in Zhejiang Province in 2019 in terms of contracted sales, accounting for approximately 5.1% of the total property contracted sales in Zhejiang Province. According to CRIC, we were ranked the 28th among all the developers in the PRC in 2019 in terms of contracted sales, accounting for approximately 0.7% of the total property contracted sales in the PRC. According to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” in three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our “1+1+X” strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans. During the Track Record Period, our “1+1+X” expansion strategy has led to significant growth in our business. Our revenue increased from RMB6,293.3 million in 2017 to RMB14,215.3 million in 2018, and further to RMB35,519.5 million in 2019, representing a CAGR of 137.6%. Our revenue increased by 123.0% from RMB3,835.1 million in the four months ended April 30, 2019 to RMB8,551.9 million in the four months ended April 30, 2020. Our “1+1+X” strategy contributed to the continuous improvement of our financial performance during the Track Record Period, primarily due to the delivery of an increasing amount of property projects which have been acquired and developed as a result of the implementation of the “1+1+X” strategy since 2016. Our recognized GFA increased from approximately 838,289 sq.m. in 2017 to approximately 1,422,554 sq.m. in 2018, and further to approximately 3,488,380 sq.m. in 2019, representing a CAGR of 104.0%. Our recognized GFA increased by 107.8% from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 27th in 2020.

BUSINESS

Adhering to the vision of becoming a “happy life operator,” we offer different series of properties to cater to the varying needs of our target customers, from first-time purchasers and first-time upgraders to subsequent upgraders and high-net-worth customers. Through years of research and development, we have developed four series of residential properties, including Arbor series (樾系) targeting first-time purchasers, Mansion series (府系) targeting first-time upgraders, Cloud series (雲境系) targeting subsequent upgraders, and Top series (Top系) targeting high-net-worth customers seeking luxury lifestyles with high degrees of privacy. Leveraging our brand and experience in developing quality residential properties, we have also built a growing portfolio of diversified commercial properties, covering office buildings, shopping centers, community businesses and hotels. We have also developed our “Shinsun Town” (祥生小鎮) model under which we design featured projects comprising residential and commercial properties based on the motto of “living-friendly, business-friendly, tourism-friendly and retirement-friendly” (宜居、宜業、宜遊、宜養).

The following table sets forth the movement of our aggregate contracted sales of our subsidiaries for the periods indicated.

	Year ended December 31,			Four months ended April 30,
	2017	2018	2019	2020
	(RMB'000)			
Opening aggregate contracted sales that had not been delivered as of the end of the year/period	13,056,353	42,697,747	75,704,699	86,451,373
Add: new contracted sales during the year/period.....	36,016,532	47,446,072	48,018,859	12,101,175
Less: pre-sales and sales delivered during the year/period ⁽¹⁾	6,375,137	14,439,120	37,272,185	9,325,303
Ending aggregate contracted sales that had not been delivered as of the end of the year/period.....	<u>42,697,747</u>	<u>75,704,699</u>	<u>86,451,373</u>	<u>89,227,245</u>

Note:

- (1) Refer to the aggregate contract value corresponding to the properties that were delivered in the year/period, which is not equivalent to recognized revenue in the same year/period.

As of July 31, 2020, we had 205 property projects at various stages of development, comprising 181 projects developed by our subsidiaries and 24 projects developed by our joint ventures and associates. As of July 31, 2020, our projects had an aggregate GFA attributable to us of approximately 23,824,832 sq.m., including (i) GFA available for sale, leasable GFA

and GFA for property investment for completed properties of approximately 2,756,613 sq.m.; (ii) total planned GFA for properties under development of approximately 16,271,889 sq.m.; and (iii) total estimated GFA for properties held for future development of approximately 4,796,330 sq.m.

We adopt a proactive and standardized approach to our property development processes and have established a three-tier organizational structure, including our headquarters, regional companies and project companies, as well as a set of standardized operational protocols covering each process from site selection and land acquisition to property delivery and after-sales customer services.

Our historical operating history and capabilities, our quality property portfolio and our proactive and standardized operational protocols have all attributed to our rapid expansion during the Track Record Period, and will continue to play critical roles in helping us execute our “1+1+X” expansion strategy, improve our competitiveness and achieve sustainable growth in the future.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and distinguish us from our competitors:

A Fast-Growing, Large-scale, Comprehensive Real Estate Developer, Deeply Rooted in Zhejiang Province and the Pan-Yangtze River Delta Region with Strategic Nationwide Coverage

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Our commitment and continuous efforts to offer quality products to our customers earned us market recognition and contributed to our rapid-growth during the Track Record Period. Our revenue increased from RMB6,293.3 million in 2017 to RMB14,215.3 million in 2018, and further to RMB35,519.5 million in 2019, representing a CAGR of 137.6%. Our revenue increased by 123.0% from RMB3,835.1 million in the four months ended April 30, 2019 to RMB8,551.9 million in the four months ended April 30, 2020. Our recognized GFA increased from approximately 838,289 sq.m. in 2017 to approximately 1,422,554 sq.m. in 2018, and further to approximately 3,488,380 sq.m. in 2019, representing a CAGR of 104.0%. Our recognized GFA increased by 107.8% from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020. The market has also recognized us for our growth potential. In 2019 and 2020, according to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked Growth Potential Top 10 among “China’s Top 100 Real Estate Developers.” As a result of our development prowess and proven track record, our brand has been widely recognized in the market where we operate. Such recognition is evidenced by the numerous industry accolades that we have received. According to the Enterprise Research Institute of the Development Research Center of the State Council,

the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our ranking increased from 92nd in 2011 to 27th in 2020. In terms of operation, according to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” for three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development. According to the China Real Estate Index System, we were ranked third among all residential property developers in Zhejiang Province in 2019 in terms of contracted sales. We expanded into the Pan-Yangtze River Delta Region in 2004 and since then have established a strong market presence in such area. According to JLL, in 2019, the Pan-Yangtze River Delta Region contributed to approximately 27.3% nominal GDP of the PRC, and had a disposal income per capita higher than the average disposal income per capita in the PRC, which has spurred the development of real estate market in the region. In addition, the PRC Government has issued various favorable policies to promote the integrated development of Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province, and aims to develop a center of modern service industry and a competitive world-class city cluster. See “Industry Overview — Overview of Real Estate Market in the PRC — Drivers of the Real Estate Market in the PRC — Further Development of Metropolitan Clusters.” We believe that we are well-positioned to capitalize on the favorable policies and expected growth opportunities in the region. Our success in Zhejiang Province and the Pan-Yangtze River Delta Region laid a solid foundation for our strategic expansion in other economic regions of China. As of July 31, 2020, we had a total of 205 projects at various stages of development in 45 cities across 11 provinces with a total GFA attributable to us of 23,824,832 sq.m.

Over the years, we have accumulated in-depth knowledge and understanding of the property market, and developed comprehensive development capabilities. In addition to residential properties, we also develop and manage commercial properties and characteristic town under our “Shinsun Town” (祥生小鎮) model. We believe that our strong market positions in select markets, strategic nationwide presence, comprehensive development capabilities and large-scale operation will help us capture future growth opportunities.

“1+1+X” Expansion Strategy and Quality Land Bank, Laying Solid Foundation for Long-term Growth

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta

Region. Our success in Zhejiang Province and the Pan-Yangtze River Delta Region has allowed us to gain in-depth industry knowledge and accumulate valuable resources and experience. Our focus and cultivation in Zhejiang Province and the Pan-Yangtze River Delta Region have helped us reinforce our market positions and further increase our market shares. Further, our experience and success in the competitive real estate markets in Zhejiang Province and the Pan-Yangtze River Delta Region have enabled us to replicate our success in other strategically select cities and regions.

To support our strategic expansion, we have developed detailed land acquisition strategies, taking into account national and local real estate market policies to identify significant development opportunities. We also closely monitor cities with high growth potential. We undertake extensive market research on our expansion targets, and apply stringent land selection criteria on factors such as local economic development, local market supply and competition, customer profiles, development plans, infrastructure and regulatory environment. Our investment and development center and regional companies lead the preparation of in-depth preliminary market research studies and expansion strategies. Our department leaders, senior management and investment committee review and decide on the expansion plans. Our standardized investment guidance and execution timelines ensure efficient decision-making processes. Following our “1+1+X” expansion strategy, we continued to increase our land bank in Zhejiang Province and the Pan-Yangtze River Delta Region and other regions in China to reinforce our leading position. We entered into Jiangsu Province and Shanghai Municipality in 2004 and 2007, respectively and since then we have established presence in other areas in the Pan-Yangtze River Delta Region such as Nanjing, Hefei, Suzhou, Nantong, Yangzhou, Wuhu and Jiujiang. Our extensive experience in Zhejiang Province and the Pan-Yangtze River Delta Region, our acute insight into market trends and our effective control on project costs have enabled us to build a successful track record in identifying and acquiring land parcels with long-term investment value, even in cities outside Zhejiang Province and the Pan-Yangtze River Delta Region, such as Wuhan in 2007 and Hohhot in 2018. As of July 31, 2020, our total land bank reached 23,824,832 sq.m.

We adopt a flexible approach toward land acquisition for future development in congruence with our expansion strategy to sustain our continuous growth. We utilize diverse land acquisition methods depending on the prevailing market conditions to control our land acquisition costs. In addition to public tender, auction or listing-for-sale, we also obtain land by acquiring project companies which possess land parcels and establishing joint ventures with other comparable real estate developers. Further, we have established a “Shinsun Town” (祥生小鎮) model under which we cooperate with local governments to develop featured comprehensive real estate projects with a mix of residential and commercial properties. A “Shinsun Town” integrates a variety of components such as culture, tourism, healthcare and property development sales, which aim to satisfy the living and leisure needs of residents, visitors and retirees. We work closely with local governments in project positioning and industrial planning to accomplish local city-industry integration policies (本地產城融合), may obtain residential and commercial land for our development at relatively low land acquisition cost and with various policy support. For example, the land acquisition cost for our Fuzhou Shinsun Foling Town (撫州祥生佛嶺小鎮) project was approximately RMB825 per sq.m.,

compared to the average land cost of approximately RMB1,551 per sq.m. for residential land in Dongxiang District, Fuzhou in 2019. As of July 31, 2020, we had obtained ten land parcels from various local governments with a total GFA attributable to us of 1,378,940 sq.m. for projects under the “Shinsun Town” model, accounting for approximately 5.8% of our total land bank as of the same date. We believe that our land bank size and growth-oriented business model will help us maintain our edge in land acquisition and land reserve.

We believe our “1+1+X” expansion strategy, our quality land bank and the strategic location of our land parcels will provide us with a solid foundation in future property development and support our sustainable growth.

Quality, Diversified Product Portfolio and Well-Established Brand Image in line with Our “Happy Life Operator” Vision

Adhering to the vision of becoming a “happy life operator,” we design and develop our products with craftsmanship and are dedicated to offering a happy living experience to our customers.

We provide comprehensive product offerings, catering to the varying needs of our target customers and covering first-time purchasers, first-time upgraders, subsequent upgraders and high-net-worth customers. With our deep industry knowledge, we are able to design and construct quality properties tailored to customers with different needs and preferences. Through years of research, we have developed four series of residential properties, including our Arbor series (樾系) targeting first-time purchasers, Mansion series (府系) targeting first-time upgraders, Cloud series (雲境系) targeting subsequent upgraders, and Top series (Top系) targeting high-net-worth customers seeking luxury lifestyles with high degrees of privacy.

To cater to the needs of different customer groups, we are dedicated to providing comfortable and convenient products, taking into account factors such as spatial planning, facility functionality, multi-generational housing needs and intelligent designs. For example, we provide decoration butler services, common area light controls and grandparent and children convenience systems to create family friendly communities. To offer distinctive and quality designs, our product design center actively upgrades and broadens our product offerings, and oversees the implementation of their designs in each property development project. We also work closely with nationally recognized architecture and design firms, such as Shanghai Tianhua Group (上海天華建築設計有限公司), Shanghai HIC Architectural Design Office (上海翰創建築設計事務所) and Shanghai DiDong Architecture Design Co., Ltd (上海地東建築設計有限公司) to increase artistic values and design integrities of our property projects. The premium quality of our properties has won us wide industry recognition. For example, our Taizhou Shinsun Futian Garden (泰州祥生福田花園) received the gold award under Zhantianyou Award for Outstanding Residential Community (詹天佑大獎優秀住宅小區金獎) in 2008 and our Zhuji Shinsun Cloud Garden (諸暨祥生雲境花園) received the Tenth Yuanye Cup Silver Medal in landscaping (園冶杯示範區景觀銀獎) from the Yuanye Awards International Competition Organizing Committee (園冶杯國際競賽組委員) in 2019.

Leveraging our brand and experience in developing quality residential properties, we have built a growing portfolio of diversified commercial properties, covering office buildings, shopping centers, community businesses and hotels. While sales from our residential properties provide us with substantial revenue and cash flows to support our business development, our investment properties have enabled us to disperse operational risks, generate stable and recurring income and enhance the value of the nearby residential properties that we have developed. As of July 31, 2020, we had one commercial complex in operation and one commercial complex in Hangzhou under construction which is expected to commence operation in 2023. We have also developed our “Shinsun Town” (祥生小鎮) model under which we design featured projects comprising residential and commercial properties based on the motto of “living-friendly, business-friendly, tourism-friendly and retirement-friendly” (宜居、宜業、宜遊、宜養) and our understanding of the National New Urbanization and Rural Revitalization Strategy (國家新型城鎮化和鄉村振興戰略).

We believe service quality is essential to our customers and our brand image. We have developed and implemented our “Happiness” customer service system to accommodate different customer groups. We introduced Shinsun Club (祥生會), an interactive multi-function new media platform where residents can request maintenance services, lodge complaints, and stay informed with project progress and online activities we organize. We periodically engage third-party consulting firms to conduct customer satisfaction surveys to ensure customer satisfaction. We believe that our emphasis on product integrity and service quality will help us enhance brand image and cultivate brand loyalty, which will be beneficial in our nationwide expansion.

Our comprehensive development capabilities and customer-oriented products have enabled us to build a distinguished brand in the markets where we operate, which in turn, will be a valuable asset for our national expansion and sustainable growth.

Standardized Management Structure to Safeguard Investment Return and Control Risks

We adopt a proactive and standardized approach to operation management, which we believe help our business grow in a sustainable manner. We have established a three-tier organizational structure, including our headquarters, regional companies and project companies. We have implemented various measures to ensure that decisions made by our headquarters are effectively and efficiently executed by our regional companies and project companies. In addition, our standardized operation protocols involve our various operational departments, such as design and positioning, sales, financing and bidding and procurement management departments to collaborate with one another regularly at early stages of property developments, aiming at ensuring that all departments are aligned with regards to the development of a particular project. These departments conduct regular inter-departmental review sessions and cross-department quality checks. By front-loading operational tasks and promoting cooperation among operational departments, we believe our standardized operation protocols help us enhance project development efficiency and achieve high asset turnover rate.

Our stringent investment decision-making process enhances our success rates in land acquisitions. We generally prepare project positioning and implementation plans before land acquisitions, taking into considerations the nature of a land parcel and the competitive landscape of local market. Leveraging our stringent decision-making processes, we are able to efficiently conduct land research and analysis and compile application materials, which increase our likelihood of success in our tender for desirable land parcels.

We have developed four series of residential properties targeting different customer groups. We developed an option-list containing various modules in terms of unit-mixes, construction materials and auxiliary facilities in each series. The standardized product modules enable us to effectively shorten our design time, maintain high and consistent product quality across projects while providing featured properties.

Our experienced sales team manages all areas of our selling efforts. For each project, the sales team tailors the selling efforts to the local market and accommodates preferences of local customers. We implement localization throughout our selling campaigns from project positioning and marketing plans to the selection of local partners and sales personnel. We believe that our localized selling efforts help us achieve high turnover of inventory. For example, our Huzhou Shinsun Junyue Garden (湖州祥生郡悦花苑) sold approximately 95% of its total saleable GFA within four months of pre-sales.

We believe that, through our standardized and efficient operation management, we will continue to improve our development efficiency and effectively utilize our capital.

Seasoned and Visionary Management Team and Dedicated Execution Team

We believe that our historical success and future prospects depend on the quality and experience of our management team and execution team. Mr. Chen, our Chairman, is widely recognized in China's real estate industry and has more than 27 years of industry experience. He has successively served as a council member and an executive council member of the 7th and 8th Council of the China Real Estate Industry Association (中國房地產協會). He is also the vice chairman of the New Urbanization Committee of the General Association of Zhejiang Entrepreneurs (浙商總會新城鎮產業委員會) and the honorary chairman of Zhoushan Charity General Association (舟山市慈善總會).

We have recruited a team of seasoned and visionary management personnel with an average of ten years of experience in the real estate industry, most of whom had experience in top 30 property development companies in China. We have also established multiple recruitment channels to proactively recruit talent from universities and competitive peer companies. We attend job fairs, encourage internal referrals, and work closely with external hiring partners. We attract and retain talented employees with competitive compensation and incentives, as well as comprehensive training and transparent career paths. We have developed a variety of training programs for employees ranging from new hires to senior employees on

a management track. See “— Employees” for details on our various training programs. We believe our comprehensive recruitment, compensation and training programs contribute to a team of professional, capable and loyal employees, which sets us apart from our competitors.

We adhere to a people-oriented corporate culture and aim to create value to all stakeholders. We plan to provide a “platform to succeed” to our employees, creating “happy lives” for our customers and establish “value chains” for our partners.

OUR BUSINESS STRATEGIES

Our goal is to become a leading real estate developer offering quality products in the PRC. To achieve our goal, we intend to implement the following strategies:

Continue with Our “1+1+X” Expansion Strategy, Strengthen Our Position in Zhejiang Province and the Pan-Yangtze River Delta Region and Actively Expand into Cities with High Potential

To capitalize on the favorable policy with respect to the Integrated Regional Development of the Yangtze River Delta promulgated by the State Council in 2019, we plan to further solidify our leading market position in Zhejiang Province and the Pan-Yangtze River Delta Region. In December 2019, the State Council promulgated the Outline for the Integrated Development of the Yangtze River Delta Region (《長江三角洲地區一體化發展規劃綱要》), which laid out specific plans to further promote market reform in terms of commercial and regulatory environment, as well as the regional cooperation in terms of innovation, trade, policies, tourism, and public services, among others, inside the Yangtze River Delta Region. We believe the above-mentioned policy will likely continue in the foreseeable future. We expect Zhejiang Province and the Pan-Yangtze River Delta Region to continue to play an important role in China’s economic growth, population concentration, industrial transformation and consumption upgrades, and we plan to further increase our market shares therein to capture the opportunities. We also plan to strategically expand into other cities with high growth potential across China, such as Changsha and Xiamen. These cities experienced steady growth in terms of total resident population, nominal GDP, as well as per capital disposable income of urban households, which we believe indicate favorable market potentials for our expansions in these cities. We undergo a careful examination and selection process of land parcels and carry out site selection process with a strong focus on the growth potential, marketability and profitability.

We plan to continue to diversify our land acquisition strategies by working closely with our local partners, regional and project companies and government agencies. We intend to continue to adopt localized land acquisition strategies in order to acquire land located at desirable locations at reasonable costs, which we believe will help us solidify our position in Zhejiang Province and the Pan-Yangtze River Delta Region as well as expand into other regions in China.

Further Optimize Our Product Mix and Upgrade Our Service to Enhance Brand Value

We plan to continue to fulfill our mission as a “happy life operator” and provide customer-oriented products and services. We plan to continue to monitor market trends and our customers’ evolving needs to diversify our products and upgrade our services. We intend to refine our analysis of customer profiles such as customers’ purchasing power and preferences based on which we plan to update our property series targeting more well-defined demographics. In particular, for customers of our Arbor series, we plan to further address their needs for living and activity spaces; for customers of our Mansion series, we plan to optimize product features to improve their living experience in terms of property design quality; for customers of our Cloud series, we plan to enhance the details of property designs to better address their needs for perfection; and for customers of our Top series, we plan to introduce design features and services that provide them with enhanced sense of luxury, customization and privacy. We will continue to uphold our commitments to product quality, which we believe will help enhance brand image and loyalty. We plan to strengthen our cooperation with leading architecture and design firms to maintain the artistic value and premium quality of our property projects.

We have primarily focused our property development on residential properties and intend to continue doing so in the future. In addition, we plan to further develop mixed residential and commercial properties under our “Shinsun Town” (祥生小鎮) model to further capitalize on lower land acquisition costs and favorable government policies, which we believe will lead to improved financial and operational performances.

Further Improve Operational Efficiency through Standardized Management and Comprehensive Operation Model

To facilitate our nationwide expansion, we will continue to implement standardized management procedures to improve operational efficiency. We also plan to refine our comprehensive operational model and further encourage our various departments to collaborate with each other during various project stages such as project design, construction and sales and marketing. We will continue to place great emphasis on project planning and positioning to improve development efficiency, achieve high asset turnover and ensure product quality. We believe that our emphasis on operational efficiency will be beneficial in timely responding to changes in market trends, which helps us capture new opportunities and expand into new markets.

We plan to optimize our organizational structure by further empowering regional companies and project companies to make decisions, because we believe they are more connected to the local communities, customer bases, and regulatory authorities. We plan to offer more robust data support to enhance the management efficiency of regional and project companies, which we believe will help them better formulate and adhere to budgets, and allow us to monitor their performances in real time. We also plan to further refine our management

system by establishing accountability measures, upgrading information technology systems, and standardizing internal rules and procedures on communications, property development, risk control, cost management and supplier selection.

We believe that the optimization of our operation and organizational structure will enable us to achieve higher operational efficiency and more rapid business growth.

Continue to Diversify Financing Channels, Improve Capital Structure and Reduce Costs

We plan to continue to explore diversified debt financing channels such as ABS, senior notes or other debt offerings, as well as equity financing channels such as strategic investments to optimize our capital structure and reduce our financing costs. We plan to continue to adhere to prudent financial policies, closely monitor our exposures to financial risks and control our various costs and expenses, such as land acquisition costs, administrative expenses and selling and distribution expenses. We intend to flexibly price our properties, taking into account the properties' market value, local conditions, and our investments in the property projects, with a view to maintaining healthy profit margins. We plan to holistically consider our investment and asset acquisition strategies to grow our business while controlling costs and ensuring balance of our capital structure.

We also plan to further compress our project development cycle by more thoroughly reforming and implementing our standardized operational procedures to improve our property development efficiency, which we believe will expedite asset turnover and improve working capital liquidity.

Continue to Build a Talented Team and Establish a Competitive Compensation Scheme

To meet our increasing needs for talent as we expand our operations nationwide, we intend to step up our recruitment efforts by closely working with hiring partners, regularly posting openings on websites and actively participating in job fairs at universities, among other recruitment channels.

We believe that clear career paths and the opportunities to continuously grow are critical in attracting and retaining talented employees. To that end, we plan to continue to offer value-added trainings to our employees through our targeted vocational courses tailored to different functions and positions. Our Shinsun Business School (祥生商學院) will continue to offer a wide variety of managerial courses to employees on the management career track. We believe that these training programs satisfy our employees' needs for growth, as well as better equip them to excel at their jobs. We also plan to establish an internal leadership pipeline where we offer clear career paths to our employees through management trainee programs and internal referral programs.

BUSINESS

In addition, we plan to further optimize the competitiveness and structure of our employee compensation to promote both individual hard work as well as collaboration. We design compensation schemes that reward both individual efforts and departmental success (共創共贏、能者多得). We believe our compensation schemes sufficiently mobilize the moral and entrepreneurial spirit of our employees, and align the interests of our employees with the achievements of the departments in which they work and of the Group as a whole.

OUR BUSINESS

During the Track Record Period, we derived our revenue primarily from development and sales of residential properties and commercial properties. We also derived revenue from management consulting services, property leasing, hotel services and property management services. The following table sets forth a breakdown of our revenue by business line for the periods indicated, both in absolute amount and as a percentage of total revenue.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Property development and sales.....	6,165,676	98.0	14,077,218	99.0	35,372,157	99.6	3,786,450	98.7	8,515,084	99.6
Management consulting services.	–	–	8,972	0.1	23,893	0.1	4,915	0.1	5,989	0.0
Property leasing.....	14,042	0.2	14,563	0.1	12,619	0.0	3,789	0.1	16,068	0.2
Hotel services ⁽¹⁾	110,075	1.7	111,853	0.8	107,088	0.3	38,787	1.1	13,560	0.2
Property management services ⁽¹⁾	3,502	0.1	2,696	0.0	3,781	0.0	1,115	0.0	1,172	0.0
Total.....	6,293,295	100.0	14,215,302	100.0	35,519,538	100.0	3,835,056	100.0	8,551,873	100.0

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services as part of the Reorganization. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “— Hotel Services,” “— Property Management Services” and “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies.”

OUR PROPERTY DEVELOPMENT BUSINESS

Overview

We develop a variety of quality residential properties, mainly including mid- to high-end residential properties targeting first-time purchasers, first-time upgraders, subsequent upgraders, and high-net-worth customers. Our residential properties are branded into four series:

- Arbor series (樾系): Featuring strong functionality and practicality, our Arbor series primarily targets first-time purchasers and offers interior designs that provide sufficient space for the living needs of family members, especially children. The common areas in these properties are designed to provide sufficient spaces for residents to socialize and exercise. Representative project includes Jiyang Shinsun West River Arbor (濟陽祥生西江樾).
- Mansion series (府系): Featuring modern Chinese design, our Mansion series primarily targets first-time upgraders who seek comfort in addition to functionality and practicality. In terms of interior design, the Mansion series offers spacious living areas for each age group from toddlers to the elderly. The common areas in these properties typically have a centralized large-scale public landscape as well as satellite small-scale public spaces designed for different age groups including playground for children, sports arena and track fields for adults, and spaces for pets. Representative project includes Hangzhou Shinsun Jinhang Mansion (杭州祥生金航府).
- Cloud series (雲境系): Featuring modern minimalist design style with a mix of modern Chinese and metropolitan, the Cloud series targets subsequent upgraders who value premium living environment and centralized community facilities. The Cloud series adheres to the concept of “communities for all ages” (全齡化社區), and offers residents a sense of ceremony through its project planning and design, landscape design, architecture and interior design, creating a new landmark of modern urban life. Representative projects include Zhuji Shinsun Cloud Garden (諸暨祥生雲境花園) and Hangzhou Shinsun Cloud (杭州祥生雲境名邸).
- Top series (Top 系): The Top series targets high-net-worth customers seeking luxury lifestyles with high degrees of privacy. In terms of interior design, we hire renowned designers to ensure top-level craftsmanship, and equip the properties with premium branded hardware and decoration. Based on the needs of these high-net-worth customers, the Top series adopts a “three-tier” landscape design comprising public landscapes, semi-public interactive landscapes, and private landscapes. Representative project includes Shanghai Shinsun Hongkou Project (上海祥生虹口區項目).

BUSINESS

The following table sets forth how each product series address customers' needs for living and activity spaces, our differentiated measures, and our service upgrades for each product series.

	Arbor series	Mansion series	Cloud series	Top series
Needs for living and activity spaces	We enhance the utility efficiency of in-unit spaces, focusing on offering cost-effective space design to offer more functionalities with less space	We focus more on convenience, comfort and practicality of in-unit living and activity spaces to address property owners' needs. For example, we reserve room for a sufficient number of electrical outlets and lighting sockets, as well as design outlets for home electronics and appliances	We primarily focus on the comfort of living and activity spaces. For example, we design double-entryways to make the property appear more spacious upon entering the unit; we design storage spaces for housekeeping supplies; we also integrate living room and dining space to make the units appear more spacious and connected.	In addition to designs for Cloud series, we also design three level landscape (public, semi-private and private) which include large multi-layered living and activity spaces
Differentiated measures	We primarily address the basic living needs of property owners, focusing on (i) functionality and practicality; (ii) children's growth; and (iii) interactions among property owners.	Customers of our Mansion series typically have needs for comfort and practicality in addition to basic living needs. We also incorporate unique in-unit and public landscape design, and offer activity spaces for all demographics.	In addition to features of the Mansion series, we incorporate common activity area, such as community clubhouses, to satisfy customers' needs; we also incorporate more advanced and luxurious designs.	We primarily introduce customized and spacious designs to address our customers' need for luxury. We engage renowned designers and equip the properties with quality appliances, providing customers a distinguished living experience.
	We introduce community facilities to address customers' needs for basic community services, recreation, garbage disposal, sanitation, among others		In addition to facilities for Arbor series and Mansion series, we also incorporate gyms and guest meeting space in the community activity area	Community facilities for Top series focus more heavily on customization, which include independent gyms, swimming pools, among others.
Service upgrade	We provide services that address customers' basic living needs, such as housekeeping, pet services, among others.	In addition to services for Arbor series, we also offer full-cycle community services such as community smart living services, community e-commerce, among others.	We offer customized services to customers, including one-stop community services addressing customers' various living needs, round-the-clock greeting and concierge services, among others.	

BUSINESS

We also develop commercial properties for sale and retain ownership of a portion of such commercial properties for leasing. Our commercial properties mainly include office buildings, shopping centers, community businesses and hotels. See “— Property Leasing.”

The following table sets forth the movement of the number of property projects in our property portfolio for the periods indicated.

	Year ended December 31,			Seven months ended July 31,
	2017	2018	2019	2020
As of the beginning of the year/period	58	118	159	187
Add: acquisitions during the year/period ⁽¹⁾	60	42	32	21
Less: sold and delivered during the year/period ⁽²⁾	—	—	1	3
Less: disposals during the year/period ⁽³⁾	—	1	3	—
As of the end of the year/period ...	<u>118</u>	<u>159</u>	<u>187</u>	<u>205</u>

Notes:

- (1) Refers to projects for which we have signed a land grant contract or completed the acquisition during the period.
- (2) Refers to projects completely sold and delivered.
- (3) Refers to projects disposed of through equity transferring.

BUSINESS

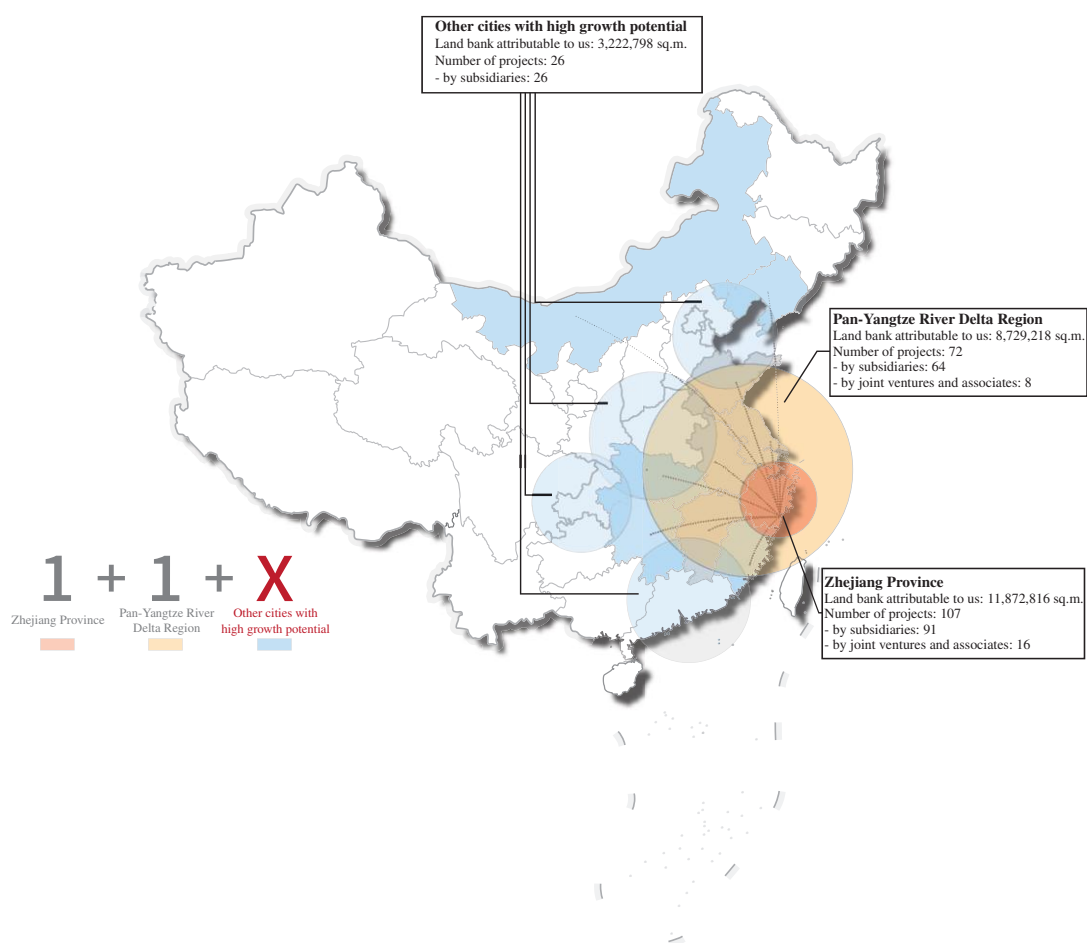
As of July 31, 2020, we had 205 property projects at various stages of development, comprising 181 projects developed by our subsidiaries and 24 projects developed by our joint ventures and associates. As of July 31, 2020, our projects had an aggregate GFA attributable to us of approximately 23,824,832 sq.m., including (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties of approximately 2,756,613 sq.m.; (ii) total planned GFA for properties under development of approximately 16,271,889 sq.m.; and (iii) total estimated GFA for properties held for future development of approximately 4,796,330 sq.m. Our “1+1+X” strategy refers to our plan to base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Since we adopted this strategy in 2016, we have primarily focused on our land acquisition and property development in Zhejiang Province and the Pan-Yangtze River Delta Region, while strategically exploring opportunities in other cities with high growth potentials. The following table sets forth a breakdown of the number of property projects we added to our portfolio by region during the periods indicated.

	Year ended December 31,			Seven months ended July 31, 2020
	2017	2018	2019	
Zhejiang Province.....	38	25	15	10
Pan-Yangtze River Delta Region.....	21	16	13	7
Other cities ⁽¹⁾	1	1	4	4
Total	60	42	32	21

Note:

- (1) Refer to Xiantao and Jingmen in Hubei Province, Hengyang and Changde in Hunan Province and Hohhot in Inner Mongolia Autonomous Region.

We originally focused our business operations in Zhuji, Zhejiang Province, and then began to expand into other cities in Zhejiang Province and the Pan-Yangtze River Delta Region. After establishing our market position in Zhejiang Province and the Pan-Yangtze River Delta Region, we began to expand into other cities with growth potentials. We operated in Shanghai, Hangzhou, Shaoxing, Jiaxing, Huzhou, Zhoushan, Lianyungang, Taizhou (泰州), Ji'nan, Chuzhou, Wuhan, Xiantao, Jingzhou, Yueyang, Nanping, Anshan prior to 2017. Under our “1+1+X” strategy, we entered into Ningbo, Wenzhou, Taizhou (台州), Quzhou, Suzhou, Nantong, Suqian, Jining, Wuhu, Xuancheng, Suzhou, Changde and Shangrao in 2017, Lishui, Yangzhou, Yancheng, Liaocheng, Ma'anshan, Jiujiang, Fuzhou, Hohhot and Nanjing in 2018, Jingmen, Hengyang, Jinhua, Zhenjiang and Anqing in 2019, and Hefei and Nanchang in the seven months ended July 31, 2020. The map below shows the geographical locations and key information of our projects as of July 31, 2020.



BUSINESS

Classification of Our Property Projects

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. The following table sets forth our classification of properties and the corresponding classification of properties in the Property Valuation Report included in Appendix III and the Accountants' Report included in Appendix I.

<u>Our Classification</u>	<u>Property Valuation Report</u>	<u>Accountants' Report</u>
Completed properties	• Group I — Properties held for sale by the Group in the PRC • Group V — Properties held for investment by the Group in the PRC	• Completed properties held for sale • Investment properties
Properties under development	• Group II — Properties held under development by the Group in the PRC	• Investment properties • Properties under development
Properties held for future development	• Group III — Properties held for future development by the Group in the PRC • Group IV — Properties contracted to be acquired by the Group in the PRC	• Properties under development • Prepayments, deposits and other receivables

In terms of development strategies, we plan to primarily develop property projects which would be classified as “property held for sale,” which we intend to sell as our core business is property development and sales. We develop investment properties instead of property held for sale when (i) the relevant land grant contracts specifically provide the nature of the property project to be investment properties; or (ii) we decide to hold the property for purposes of value appreciation and/or generating rental income.

As we plan to primarily develop properties held for sale instead of as investment properties, we go through prudent decision-making procedures prior to developing investment properties. Our investment decision-making committee, which comprises the chairman of the Company's Board, the chief executive officer and five vice presidents, is specifically tasked with making the decisions of whether to sell or hold the properties, considering our strategies, the market needs of the properties, the conditions stipulated in the land grant contracts and the expected revenue and costs of the specific property.

Site Area and GFA

The site area information in this Prospectus is calculated on the following basis:

- when we have received the land use rights certificates, as specified in such land use rights certificates; and
- before we have received the land use rights certificates, as specified in the relevant land grant contracts related to the projects excluding, however, areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information in this Prospectus is calculated on the following basis:

- for completed projects, based on the relevant property completion certificate or property inspection report;
- for projects under development or held for future development,
 - (a) if we have obtained the construction work commencement permits, as specified in such permits; and
 - (b) if we have not yet obtained the construction work commencement permits, as specified in land grant contracts or based on our internal records and estimates;
- if we have obtained the pre-sales permits for the projects, the GFA available for sale information refers to the GFA available for sale in these permits.

Non-saleable GFA as used in this Prospectus refers to certain ancillary facilities, such as greenery areas and spaces designed as civil air defense properties, for which pre-sales permits will not be issued. GFA available for sale as used in this Prospectus refers to the gross floor areas exclusive of non-saleable GFA. GFA available for sale is further divided into GFA pre-sold but yet to be delivered and GFA unsold and available for sale. A property is pre-sold when we have executed the purchase contract but not yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total GFA available for sale is calculated as follows:

- for properties that are completed, refers to GFA pre-sold but yet to be delivered, GFA unsold and available for sale based on the relevant property ownership certificate or property inspection report;
- for properties under development, based on the relevant pre-sales permit, or based on the construction work planning permit if the pre-sales permit is not available, or based on other documentation issued by the relevant governmental authorities if the construction work planning permit is not available; and

BUSINESS

- for properties that are held for future development, based on our internal records and development plans. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project.

As some of our projects comprise multiple-phase developments on a rolling basis, these projects may include different phases that are at various stages of completion, under development or held for future development.

Land Bank and Property Portfolio

Our land bank represents the sum of (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties. GFA available for sale includes completed GFA that has 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. Total land bank represents the total land bank of projects developed by our subsidiaries and the land bank attributable to us of projects developed by our joint ventures and associates.

The following table sets forth a breakdown of total land bank as of July 31, 2020 in terms of geographical location.

	Number of Projects	Completed			Under Development	Future Development	Total Land Bank Attributable to Us ^{6,7}	% of Total Land Bank
		GFA Available for Sale ¹	Leasable GFA ²	GFA for Property Investment ³	Planned GFA ⁴	Estimated GFA ⁵		
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Property Projects Developed by Our Subsidiaries								
<i>Shanghai Municipality</i>	3	14,614	17,252	–	–	288,366	320,232	1.3%
<i>Zhejiang Province</i>	91	623,715	563,693	256,901	8,146,186	1,070,350	10,660,845	44.7%
Hangzhou	14	46,813	38,017	241	1,884,128	139,317	2,108,516	8.9%
Ningbo	3	579	14,905	–	–	215,359	230,842	1.0%
Shaoxing	38	115,674	285,470	129,624	2,358,636	275,596	3,165,000	13.3%
Wenzhou	4	–	–	–	631,266	–	631,266	2.6%
Taizhou	8	176,847	94,883	127,036	1,145,935	–	1,544,702	6.5%
Jiaxing	5	16,460	21,281	–	179,279	–	217,020	0.9%
Huzhou	6	266,181	22,038	–	647,874	–	936,093	3.9%
Zhoushan	3	164	65,076	–	407,676	–	472,917	2.0%
Quzhou	6	997	22,024	–	534,046	–	557,067	2.3%
Lishui	4	–	–	–	357,345	440,078	797,423	3.3%
<i>Jiangsu Province</i>	17	208,617	306,700	–	937,955	346,036	1,799,309	7.6%
Suzhou	2	2,991	4,967	–	98,127	–	106,085	0.4%
Yangzhou	1	–	–	–	205,321	–	205,321	0.9%
Nantong	3	9,139	31,829	–	–	177,330	218,298	0.9%
Lianyungang	2	38,427	73,022	–	–	–	111,449	0.5%
Yancheng	1	–	–	–	222,159	–	222,159	0.9%
Suqian	2	2,749	21,449	–	–	168,706	192,905	0.8%
Taizhou	6	155,311	175,432	–	412,348	–	743,091	3.1%
<i>Shandong Province</i>	8	2,290	125,380	–	961,918	960,370	2,049,958	8.6%
Ji'nan	4	2,290	6,147	–	609,939	456,275	1,074,651	4.5%
Ji'ning	3	–	119,233	–	219,304	504,095	842,632	3.5%
Liaocheng	1	–	–	–	132,676	–	132,676	0.6%

BUSINESS

	Number of Projects	Completed			Under Development	Future Development	Total Land Bank Attributable to Us ^{6,7}	% of Total Land Bank
		GFA Available for Sale ¹	Leasable GFA ²	GFA for Property Investment ³	Planned GFA ⁴	Estimated GFA ⁵		
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		
Anhui Province	30	170,105	164,147	–	2,300,625	558,695	3,193,572	13.4%
Hefei	1	–	–	–	–	202,829	202,829	0.9%
Wuhu	4	8,324	–	–	528,141	–	536,465	2.3%
Xuancheng	10	65,627	65,168	–	597,746	194,323	922,863	3.9%
Chuzhou	11	96,154	98,979	–	383,693	161,543	740,369	3.1%
Ma'anshan	2	–	–	–	248,937	–	248,937	1.0%
Suzhou	2	–	–	–	542,108	–	542,108	2.3%
Jiangxi Province	6	–	–	–	712,028	300,447	1,012,475	4.2%
Nanchang	1	–	–	–	–	130,354	130,354	0.5%
Jiujiang	1	–	–	–	208,887	–	208,887	0.9%
Fuzhou	4	–	–	–	503,141	170,093	673,234	2.8%
Hubei Province	13	18,948	20,925	82,123	348,257	461,176	931,429	3.9%
Wuhan	4	5,719	8,553	–	–	67,293	81,565	0.3%
Xiantao	5	9,864	6,779	68,887	199,405	155,540	440,475	1.8%
Jingmen	1	–	–	–	148,852	238,343	387,195	1.6%
Jingzhou	3	3,366	5,592	13,236	–	–	22,194	0.1%
Hunan Province	3	8,405	18,391	–	598,206	125,805	750,807	3.2%
Hengyang	1	–	–	–	231,560	–	231,560	1.0%
Yueyang	1	6,422	–	–	245,371	–	251,793	1.1%
Changde	1	1,983	18,391	–	121,276	125,805	267,454	1.1%
Inner Mongolia Autonomous Region	6	–	–	–	839,771	239,532	1,079,303	4.5%
Hohhot	6	–	–	–	839,771	239,532	1,079,303	4.5%
Fujian Province	1	56,504	–	–	19,624	300,000	376,128	1.6%
Nanping	1	56,504	–	–	19,624	300,000	376,128	1.6%
Liaoning Province	3	16,280	19,186	–	49,666	–	85,131	0.4%
Anshan	3	16,280	19,186	–	49,666	–	85,131	0.4%
Total	181	1,119,477	1,235,673	339,024	14,914,236	4,650,778	22,259,189	93.4%
Property Projects Developed by Our Joint Ventures and Associates								
Zhejiang Province	16	8,997	–	–	1,096,804	106,170	1,211,971	5.1%
Hangzhou	3	–	–	–	303,530	–	303,530	1.3%
Ningbo	2	–	–	–	177,881	–	177,881	0.7%
Shaoxing	5	–	–	–	216,992	58,355	275,347	1.2%
Jiaxing	3	–	–	–	205,970	47,814	253,784	1.1%
Huzhou	2	8,997	–	–	104,909	–	113,906	0.5%
Jinhua	1	–	–	–	87,523	–	87,523	0.4%
Jiangsu Province	4	1,627	697	–	116,326	–	118,650	0.5%
Nanjing	1	–	–	–	73,801	–	73,801	0.3%
Zhenjiang	1	–	–	–	42,525	–	42,525	0.2%
Taizhou	2	1,627	697	–	–	–	2,324	0.0%
Anhui Province	3	5,673	15,787	–	72,792	39,382	133,635	0.6%
Chuzhou	2	5,673	15,787	–	43,927	–	65,387	0.3%
Anqing	1	–	–	–	28,866	39,382	68,248	0.3%
Jiangxi Province	1	9,956	19,702	–	71,729	–	101,387	0.4%
Shangrao	1	9,956	19,702	–	71,729	–	101,387	0.4%
Attributable-total	24	26,253	36,185	–	1,357,652	145,552	1,565,643	6.6%
Total Land Bank	205	1,145,730	1,271,858	339,024	16,271,889	4,796,330	23,824,832	100.0%

BUSINESS

Notes:

- (1) Includes (i) GFA pre-sold but yet to be delivered; and (ii) GFA unsold and available for sale.
- (2) Refers to GFA available to generate rental income excluding investment properties.
- (3) Refers to GFA of property held for investment.
- (4) Refers to total planned GFA under development as set out in the construction work commencement permits (建築工程施工許可證).
- (5) Refers to (i) GFA for which we have signed a land grant contract but have not obtained the relevant land use rights certificates; and (ii) GFA for which we have obtained the land use rights certificates but have not obtained the requisite construction work commencement permits.
- (6) Total land bank equals the sum of (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development.
- (7) For projects held by our joint ventures or our associates, total GFA has been adjusted by our equity interest in the respective project.
- (8) Certain amounts above may have been rounded up or down. Accordingly, totals in the table above may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to such rounding.

The following table sets forth the movement of the total land bank of projects developed by our subsidiaries for the periods indicated.

	Year ended December 31,			Seven months ended July 31,
	2017	2018	2019	2020
	(in sq.m.)			
At the beginning of the year/period ⁽¹⁾	6,794,772	13,679,429	19,816,014	19,486,232
Add: land bank newly obtained during the year/period.....	7,745,430	7,861,915	3,927,269	4,850,224
Less: completed GFA delivered during the year/ period.....	860,773	1,725,331	4,257,050	2,077,267
At the end of the year/period	<u>13,679,429</u>	<u>19,816,014</u>	<u>19,486,232</u>	<u>22,259,189</u>

Note:

- (1) GFA at the beginning of each year/period was calculated by (i) adding back the completed GFA delivered; and (ii) deducting the changes in the GFA as a result of establishment or disposal of subsidiaries or changes in the number of permits or certificates obtained during different stages of project development on which we relied for the calculation of GFA, the impacts of which we believe are immaterial.

Our Property Projects

The following table sets forth the details of our property projects as of July 31, 2020.

Project	Completed					Under Development			Future Development				(RMB in millions)			Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Undeable GFA/CFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴				Development Cost Incurred as of April 30, 2021 ¹⁵	Estimated Future Development Cost ¹⁶
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in million)	(RMB in million)		
DEVELOPED BY OUR SUBSIDIARIES																				
Shanghai Municipality																				
1	Shanghai Shinsun Hongkou Project (上海祥生虹口项目)	45,437	-	-	-	-	-	-	-	-	-	288,366	September 2020	December 2021	December 2025	8,869.0	1,990.5	83%	7,295.0	69
2	Shanghai Shinsun Fudan Garden (上海祥生复旦园)	48,000	90,962	13,096	-	83%	-	-	-	-	-	-	December 2008	December 2010	March 2012	1,633.6	-	68%	201.0	70
3	Shanghai Shinsun Ruihe Garden (上海祥生瑞和苑)	64,536	104,487	1,517	17,252	99%	-	-	-	-	-	-	July 2010	August 2016	October 2013	830.8	-	68%	N/A	N/A
Zhejiang Province																				
Hangzhou																				
4	Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生云溪新寓公寓)	67,824	160,301	1,912	-	99%	-	-	-	-	-	-	June 2016	July 2016	April 2018	2,151.4	-	100%	N/A	N/A
	Phase I	31,167	72,644	730	-	99%	-	-	-	-	-	-	June 2016	July 2016	April 2018	-	-	100%	-	-
	Phase II	36,657	87,656	1,182	-	98%	-	-	-	-	-	-	May 2017	May 2017	December 2018	-	-	100%	-	-
5	Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生云浦新寓公寓)	30,479	51,417	623	27,144	99%	-	-	-	-	-	-	June 2017	July 2017	December 2018	1,196.6	-	100%	18.0	8
6	Hangzhou Shinsun Qianxun Mansion (杭州祥生钱墅府)	67,137	153,213	44,278	10,873	69%	-	-	-	-	-	-	May 2017	June 2017	October 2019	2,583.2	-	100%	1,075.0	6
7	Hangzhou Shinsun Guangyueing Apartment (杭州祥生光悦映公寓)	57,139	-	-	-	-	151,379	43,567	163,478	29%	-	-	March 2020	May 2020	January 2023	1,615.2	666.0	100%	1,670.0	5

BUSINESS

Project	Completed				Under Development				Future Development				Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹			
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold ⁹	GFA with Land Use Rights Not Yet Obtained ¹⁰				Total Estimated GFA ¹¹		
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in million)	(RMB in million)			
8 Hangzhou Shinsun Xingyue Apartment (杭州祥生星台城公寓)	66,440	-	-	-	-	-	-	197,626	-	207,569	-	-	-	967.7	1,944.6	100%	2,042.0	9
9 Hangzhou Shinsun Yinhui Xinyu Apartment (杭州祥生银海新嘉公寓)	69,665	-	-	-	-	-	-	239,750	83,760	241,613	35%	-	-	2,413.5	439.3	100%	2,491.0	4
10 Hangzhou Shinsun Yinhui Chanyu Apartment (杭州祥生银海宸嘉公寓)	127,166	-	-	-	-	-	-	431,047	49,689	442,162	12%	-	-	3,219.1	2,035.3	100%	3,882.0	3
11 Fuyang Shinsun Chengguangyue Apartment (富阳祥生晨光悦公寓)	30,163	-	-	-	-	-	-	96,640	5,566	102,594	6%	-	-	929.3	435.9	100%	1,141.0	1
12 Hangzhou Shinsun Cloud (杭州祥生雲境名邸)	76,443	-	-	-	-	-	-	208,353	46,064	208,891	22%	-	-	3,374.1	970.4	100%	3,987.0	7
13 Hangzhou Shinsun Jiangshanyun Yuequn Mansion (杭州祥生江山雲樾园府)	79,617	-	-	-	-	-	-	199,172	-	292,406	-	-	-	1,048.0	2,549.6	100%	2,394.0	10
14 Hangzhou Shinsun Jiangshanyun Yuebei Mansion (杭州祥生江山雲樾北府)	57,309	-	-	-	-	-	-	202,357	-	204,509	-	-	-	1,200.8	2,336.0	100%	2,704.0	11
15 Hangzhou Xiaoshu College Town North Plot 16 (杭州下沙大學城北16號地塊)	40,031	-	-	-	-	-	-	-	-	-	-	139,317	139,317	-	2,411	76%	0.0	12
16 Hangzhou Pingyao Harmony Garden (杭州平遥和園)	19,052	-	-	-	-	-	-	21,106	-	21,106	-	-	-	143.0	185.4	55%	76.0	2
17 Ruijing International Business Center 27th Floor (瑞景國際商務中心27層)	14	-	-	-	241	241	-	-	-	-	-	-	-	-	-	100%	7.0	6

BUSINESS

Project	Completed					Under Development				Future Development				Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹			
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Estimated Total GFA ¹¹							Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	
																						(sq.m.)
Ningbo																						
18	Fenghua Shinsun Jinlin Mansion (奉 化祥生君聯府)	46,029	120,651	-	7,053	-	127,704	100%	-	-	-	-	-	July 2017	November 2017	June 2019	956.2	-	100%	N/A	N/A	
19	Cixi Shinsun Wangyue Mansion (慈溪祥生型別府)	58,933	129,091	579	7,852	-	137,521	100%	-	-	-	-	-	December 2017	April 2018	December 2019	1,402.2	-	100%	2.0	25	
20	Ningbo Shinsun Yuehaiang (韓悅祥 生悅海棠)	70,321	-	-	-	-	-	-	-	-	-	-	215,359	215,359	September 2020	December 2020	October 2023	-	3,712.5	100%	0.0	27
Shaoxing																						
21	Zhuji Shinsun West Lake Mansion (諸暨 祥生西湖公館)	141,381	233,465	2,869	24,370	-	260,704	99%	-	-	-	-	-	September 2017	November 2017	December 2019	1,510.6	-	100%	N/A	N/A	
22	Keqiao Shinsun Qinxian Mansion (柯橋祥生型賢府)	105,991	211,127	-	100,917	-	312,045	100%	-	-	-	-	-	July 2017	July 2017	December 2019	2,641.0	-	80%	N/A	N/A	
	Phase I	59,541	136,955	-	49,988	-	186,910	100%	-	-	-	-	-	July 2017	September 2017	October 2019	-	-	80%	-	-	
	Phase II	46,450	72,206	-	50,929	-	125,135	100%	-	-	-	-	-	July 2017	September 2017	October 2019	-	-	80%	-	-	
23	Keqiao Shinsun Qinxian Mansion Garden (柯橋祥生群 賢府雅園)	46,033	73,637	48,232	-	-	121,889	60%	-	-	-	-	-	September 2017	January 2018	June 2020	853.6	81.7	80%	N/A	N/A	
24	Shangyu Shinsun Mingyue Mansion (上虞祥生明別府)	87,783	-	-	-	-	-	-	155,349	231,056	68%	-	-	January 2018	March 2018	September 2020	2,117.3	3.6	100%	2,456.0	34	
25	Zhuji Shinsun Wangjiang Mansion (諸暨祥生江華庭)	41,667	98,766	-	11,065	-	109,831	100%	-	-	-	-	-	September 2015	October 2015	April 2017	443.6	-	100%	N/A	N/A	
26	Zhuji Shinsun Wangting Mansion (諸暨祥生旺庭公館)	31,307	98,408	-	3,283	-	101,691	100%	-	-	-	-	-	May 2015	May 2015	December 2016	422.9	-	100%	N/A	N/A	
27	Zhuji Shinsun South Gate Spring (諸暨祥 生南門春曉)	41,063	92,945	2,949	11,167	-	107,081	97%	-	-	-	-	-	March 2016	April 2016	November 2017	553.2	-	100%	N/A	N/A	

BUSINESS

Project	Completed				Under Development			Future Development			Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹							
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁸	Pre-sold GFA ⁸	Total Planned GFA ⁹				Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2021 ¹⁵
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)	(RMB in millions)	
28 Zhuji Shinsun Oak Garden (諸暨祥生橡樹園)	124,922	187,945	1,500	-	-	189,445	99%	-	-	-	-	-	-	December 2013	February 2014	March 2016	1,086.7	-	100%	N/A
29 Zhuji Shinsun Oriental Arbor (諸暨祥生東方園)	100,124	202,371	265	20,317	-	222,953	100%	-	-	-	-	-	-	November 2016	November 2016	July 2018	1,076.7	-	100%	N/A
Phase I	47,821	96,794	-	10,266	-	107,059	99%	-	-	-	-	-	-	May 2017	May 2017	December 2018	-	-	100%	-
Phase II	52,303	105,577	265	10,051	-	115,894	100%	-	-	-	-	-	-	May 2017	May 2017	December 2018	-	-	100%	-
30 Zhuji Shinsun Mansion (諸暨祥生府)	95,047	192,411	1,580	10,653	-	204,645	99%	-	-	-	-	-	-	May 2017	May 2017	December 2018	1,007.0	-	100%	N/A
31 Zhuji Shinsun Xiang Garden (諸暨祥生香園)	48,118	98,881	843	9,028	-	108,753	99%	-	-	-	-	-	-	July 2017	August 2017	August 2019	534.2	-	100%	N/A
32 Zhuji Shinsun Rui Garden (諸暨祥生瑞園)	61,909	124,688	285	11,571	-	136,544	100%	-	-	-	-	-	-	September 2017	December 2017	November 2019	566.7	-	53%	N/A
33 Zhuji Shinsun Dongfu Spring Garden (諸暨祥生東海春曉園)	28,131	60,222	1,628	6,606	-	68,456	97%	-	-	-	-	-	-	August 2017	August 2017	July 2019	332.1	-	100%	N/A
34 Shaoxing Shinsun Jinlin Mansion (紹興祥生金麟府)	54,675	-	-	-	-	-	-	141,626	97,137	145,172	69%	-	-	August 2018	September 2018	June 2021	1,843.7	89.3	100%	1,813.0
35 Zhuji Shinsun Jinlin Mansion (諸暨祥生金麟府)	69,064	115,087	921	11,947	-	127,955	99%	-	-	-	-	-	-	August 2017	August 2017	August 2019	777.0	-	51%	N/A
36 Zhuji Shinsun Cloud Garden (諸暨祥生雲海花園)	69,420	-	-	-	-	-	-	145,126	127,434	147,572	88%	-	-	November 2018	February 2019	November 2020	1,174.6	244.3	100%	1,484.0
37 Zhuji Shinsun Nanshan County Garden (East) (諸暨祥生南山郡花園(東區))	231,851	-	-	-	-	-	-	381,486	-	386,074	-	-	-	May 2020	August 2020	October 2024	886.8	1,511.5	70%	887.0
38 Zhuji Shinsun River Arbor Garden (諸暨祥生鹿江園)	53,861	91,497	2,130	8,776	-	102,403	98%	-	-	-	-	-	-	September 2017	November 2017	July 2019	667.9	-	100%	N/A

BUSINESS

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2021 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of total saleable GFA pre-sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹									GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹
39 Zhuji Shinsun Chenxi Xinyu Garden (諸暨祥生辰 熙湖庭苑)	30,000	85,324	988	9,349	-	95,660	99%	-	-	-	-	-	November 2017	February 2018	December 2019	528.8	-	100%	N/A	N/A
40 Zhuji Shinsun Yuejiangnan Garden (諸暨祥生悅 江南花園)	36,108	76,854	-	7,086	-	83,940	100%	-	-	-	-	-	November 2017	December 2017	December 2019	464.5	-	100%	N/A	N/A
41 Zhuji Shinsun Nanshan County Garden (West) (諸暨 祥生南山郡花園西 區)	132,048	-	-	-	-	-	-	189,980	-	195,616	-	-	December 2019	August 2020	April 2023	1,027.8	184.6	100%	733.0	43
42 Zhuji Shinsun Jiangnan Yard (諸暨 祥生江南大院)	118,793	-	-	-	-	-	-	209,140	162,660	216,368	78%	-	April 2019	August 2019	September 2021	798.6	504.6	100%	1,379.0	39
43 Zhuji Shinsun Yunqi Garden (諸暨祥生雲 樞花園)	82,144	-	-	-	-	-	-	157,599	88,844	159,609	56%	-	September 2019	October 2019	April 2022	1,003.3	552.8	100%	1,423.0	47
44 Zhuji Shinsun Jinchen Mansion (諸 暨祥生金辰府)	49,634	-	-	-	-	-	-	122,670	110,961	124,072	90%	-	July 2018	October 2018	November 2020	790.6	105.4	100%	1,051.0	40
45 Ketiao Shinsun Diyang Mansion (柯 嶺祥生御蘭府)	100,581	-	-	-	-	-	-	208,546	48,675	214,395	23%	-	December 2019	January 2020	April 2022	1,824.5	609.7	100%	1,899.0	33
46 Zhuji Shinsun Yunshang Garden (諸 暨祥生雲尚花園)	69,471	-	-	-	-	-	-	163,792	48,987	165,478	30%	-	February 2020	June 2020	February 2023	833.7	643.8	100%	1,411.0	48
47 Zhuji Shinsun Future City (諸暨祥生未來 城)	40,274	145,616	45,934	5,106	-	196,656	71%	-	-	-	-	-	June 2018	August 2018	January 2020	825.6	-	100%	522.0	44
48 Shaoxing Shinsun Shangxun Mansion (紹興祥生尚韻府)	68,993	-	-	-	-	-	-	195,235	103,097	198,444	53%	-	October 2018	November 2018	March 2021	1,915.3	237.7	100%	1,972.0	36
49 Zhuji Shinsun Yuehang Garden (諸暨祥生悅棠花 園)	21,086	-	-	-	-	-	-	50,927	48,856	51,728	96%	-	November 2018	March 2019	February 2021	340.6	57.9	100%	351.0	45
50 Zhuji Shinsun Spring Breeze Project (諸暨 祥生春風十里項目)	42,403	-	-	-	-	-	-	-	-	-	-	79,807	96,600	September 2021	January 2025	110.1	433.4	100%	69.0	38

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Site Area ¹ (sq.m.)	Unsaleable GFA/GFA Sold ² (sq.m.)	GFA Available for Sale ³ (sq.m.)	Leasable GFA ⁴ (sq.m.)	GFA for Property Investment ⁵ (sq.m.)	Total GFA Completed ⁶ (sq.m.)	Percentage of total saleable GFA pre-sold	Saleable and Leasable GFA ⁷ (sq.m.)	Pre-sold GFA ⁸ (sq.m.)	Total Planned GFA ⁹ (sq.m.)							GFA with Land Use Rights Not Yet Obtained ¹⁰ (sq.m.)	Actual/ Estimated Construction Commencement Date ¹²
51 Zhuji Shinsun Jiangnan Mansion (諸暨祥生江南華庭)	42,491	127,240	5,508	5,533	-	138,281	96%	-	-	-	-	January 2014	April 2014	September 2015	619.5	-	70%	N/A
52 Xiaoxing Shinsun Wenzhou City (紹興祥生望城名都)	38,034	102,336	-	28,697	-	131,033	100%	-	-	-	-	July 2015	October 2015	January 2018	935.9	-	70%	N/A
53 Zhuji Shinsun Jintan Mansion (諸暨祥生君蘭府)	26,465	-	-	-	-	-	-	46,312	36,665	49,468	79%	January 2018	June 2018	August 2020	289.1	114.5	70%	236.0
54 Zhuji Shinsun Tang Arbor (諸暨祥生棠樾花園)	29,664	-	-	-	-	-	-	73,130	-	73,584	-	June 2020	August 2020	February 2023	-	638.3	100%	412.0
55 Zhuji Shinsun Qianxian Mansion (諸暨祥生前賢府)	72,388	-	-	-	-	-	-	-	-	-	178,995	August 2020	November 2020	May 2023	-	1,374.3	100%	0.0
56 Zhuji New Century Garden Shops (諸暨新世紀花園商舖)	377	-	-	-	770	770	-	-	-	-	-	-	-	January 2007	-	-	100%	5.0
57 Zhuji Futan Garden Shops (諸暨福田花園商舖)	1,305	-	-	-	7,268	7,268	-	-	-	-	-	-	-	August 2013	-	-	100%	16.0
58 Zhuji Square Shopping Mall Project (諸暨城隍廟商貿項目)	38,167	-	-	-	121,586	121,586	-	-	-	-	-	June 2006	-	December 2008	-	-	100%	864.0
Wenzhou																		
59 Wenzhou Shinsun Shangdu Jin Garden (溫州祥生尚都錦園)	79,769	-	-	-	-	-	-	250,854	156,647	268,526	62%	December 2017	January 2018	October 2020	2,643.7	660.2	100%	3,078.0
60 Wenzhou Shinsun Xiangnu Jin Garden (溫州祥生祥鄰錦園)	57,196	-	-	-	-	-	-	182,910	118,195	185,848	65%	May 2018	July 2018	October 2020	1,705.4	480.0	100%	2,071.0
61 Wenzhou Shinsun Hanyang Garden (溫州祥生弘陽里園)	21,191	-	-	-	-	-	-	51,380	29,228	52,093	57%	January 2020	May 2020	April 2022	688.6	268.9	51%	N/A
62 Wenzhou Shinsun Park Avenue (溫州祥生公園道)	28,763	-	-	-	-	-	-	119,863	-	124,800	-	July 2020	September 2020	January 2023	690.3	2,030.1	70%	974.0

BUSINESS

Project	Completed				Under Development			Future Development				Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹						
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	
Taiwan																			
63 Linhai Shinsun Jinlin Mansion (臨海祥生君臨府)	38,907	1,483	97,170	24,197	-	122,850	-	-	-	-	-	-	-	April 2020	1,212.4	-	100%	1,680.0	52
64 Linhai Shinsun Jiangshan Mansion (臨海祥生江山府)	41,120	-	-	-	-	-	-	133,921	115,343	135,483	86%	-	-	December 2020	1,495.1	319.6	100%	1,733.0	51
65 Linhai Shinsun Future Mansion (臨海祥生未來公館)	35,188	-	-	-	-	-	-	118,528	93,362	120,024	79%	-	-	September 2021	781.0	219.6	73%	731.0	53
66 Weiling Shinsun Jinlin Mansion (溫嶺祥生金麟府)	57,622	1,605	79,677	70,686	-	151,968	-	-	-	-	53%	-	-	July 2020	2,505.8	205.6	100%	2,836.0	38
67 Tianrai Shinsun Jiangshan Arbor (天台祥生江山樺)	17,147	-	-	-	-	-	-	60,787	39,961	70,578	66%	-	-	October 2020	365.3	41.7	100%	511.0	55
68 Tianrai Shinsun Century Square (天台祥生世紀廣場)	158,522	-	-	-	127,056	127,056	-	415,587	360,924	418,914	87%	-	-	June 2021	2,729.3	905.3	100%	3,790.0	56
Phase I	96,286	-	-	-	-	-	-	415,587	360,924	418,914	87%	-	-	January 2020	-	-	100%	-	-
Phase II	62,236	-	-	-	127,056	127,056	-	-	-	-	-	-	-	-	-	-	-	-	-
69 Luqiao Shinsun Yuebin Mansion (嶺橋祥生悅賓府)	102,520	-	-	-	-	-	-	303,781	222,889	318,012	73%	-	-	December 2020	2,816.6	647.7	100%	3,155.0	54
70 Xianju Shinsun Quoxian Mansion (仙居祥生群賢府)	29,931	-	-	-	-	-	-	81,878	23,925	82,924	29%	-	-	October 2021	618.3	203.4	100%	722.0	59
Jiangxi																			
71 Jiangxi Shinsun Xinyu Garden (新興祥生新語花園)	35,485	75,256	-	5,454	-	80,710	100%	-	-	-	-	-	-	November 2018	591.5	-	100%	N/A	N/A
72 Jiangxi Shinsun Jinci Garden (錦興祥生玖玖花園)	66,689	189,656	-	8,665	-	198,301	100%	-	-	-	-	-	-	December 2018	1,490.7	-	100%	N/A	N/A
Phase I	33,665	97,723	-	8,665	-	106,388	100%	-	-	-	-	-	-	January 2017	-	-	100%	-	-
Phase II	33,024	91,933	-	-	-	91,933	100%	-	-	-	-	-	-	September 2017	-	-	100%	-	-

BUSINESS

Project	Completed					Under Development			Future Development			Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰							Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)				
73 Tongxiang Shinsun Ganyue Mansion (桐鄉月園公寓)	59,576	-	-	-	-	-	143,384	64,395	152,465	45%	-	July 2018	September 2018	October 2020	1,687.9	225.6	100%	2,130.0	20
74 Haining Shinsun Xinyu Mansion (海寧祥生御語府)	99,983	225,139	8,299	-	233,438	96%	26,625	-	26,814	-	-	December 2016	December 2016	December 2018	1,723.7	9.5	60%	281.0	19
	44,580	116,520	1,398	-	117,918	99%	-	-	-	-	-	April 2017	April 2017	June 2019	-	-	60%	-	-
	42,165	108,618	6,901	-	115,519	94%	-	-	-	-	-	December 2017	May 2020	August 2020	-	-	60%	-	-
	13,238	-	-	-	-	-	26,625	-	26,814	-	-	-	-	-	-	-	-	-	-
75 Haiyan Shinsun Yuelan Bay (海鹽祥生悅蘭灣)	49,345	109,416	8,161	7,162	-	124,739	93%	-	-	-	-	August 2017	September 2017	October 2019	1,178.2	-	100%	N/A	N/A
Huzhou																			
76 Nanxun Shinsun Waterside Arbor Garden (南湖祥生灣園公寓)	154,127	76,871	214,037	-	-	290,908	-	-	-	-	-	December 2017	December 2017	July 2020	1,622.5	252.3	100%	2,155.0	18
77 Anji Shinsun Oriental Arbor Garden (安吉祥生東園花園)	72,962	76,636	52,144	22,038	-	150,817	46%	-	-	-	-	January 2018	February 2018	December 2019	1,048.5	-	100%	845.0	13
78 Anji Shinsun Juxi Garden (安吉祥生玖溪花園)	160,038	-	-	-	-	-	206,696	109,765	309,048	53%	-	June 2018	September 2018	March 2021	1,280.3	618.0	100%	1,298.0	15
79 Anji Shinsun Yunxi Garden (安吉祥生雲溪花園)	22,567	-	-	-	-	-	37,581	-	46,275	-	-	September 2018	April 2021	January 2022	227.1	100.9	100%	222.0	14
80 Shinsun Tianyemange Residential Development Project (祥生田野牧宅開發項目)	26,656	-	-	-	-	-	32,729	-	33,418	-	-	August 2018	October 2020	December 2021	218.8	135.1	100%	174.0	16
81 Dongting Shinsun Yunshan Garden (德清祥生雲山花園)	94,656	-	-	-	-	-	256,456	74,776	259,133	29%	-	December 2018	January 2019	April 2021	1,040.5	394.0	60%	764.0	17

Huzhou

BUSINESS

Project	Completed				Under Development			Future Development				Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³				
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)	(RMB in million)	
Zhoushan																	
82 Zhoushan Shinsun Nanshan County Garden (舟山祥生華山綠花園)	189,488	139,006	164	65,076	-	204,246	100%	212,314	142,728	214,545	67%	-	-	2,189.0	63		
Phase I	92,849	139,006	164	65,076	-	204,246	100%	-	-	-	-	May 2016	May 2016	100%			
Phase II	96,639	-	-	-	-	-	-	212,314	142,728	214,545	67%	-	August 2017	August 2020	100%		
83 Zhoushan Shinsun Yunhai Xinyu Garden (舟山祥生雲海綠花園)	34,022	-	-	-	-	-	-	82,775	60,089	83,902	73%	-	December 2017	August 2020	100%	1,088.0	64
84 Zhoushan Shinsun Yanshan Mansion (舟山祥生雲山閣)	32,990	-	-	-	-	-	107,975	33,028	109,230	31%	-	December 2018	April 2019	199.0	100%	713.0	65
Qichou																	
85 Qichou Shinsun Guantang Mansion (衢州祥生觀棠府)	81,827	203,228	997	-	-	204,225	99%	-	-	-	-	August 2017	September 2017	2,270.0	-	8.0	30
86 Qichou Shinsun Huajiaque Arbor (衢州祥生花樺閣小區)	40,019	-	-	-	-	-	104,531	75,836	108,274	73%	-	August 2017	September 2017	981.1	83.9	1,045.0	31
87 Qichou Shinsun Yunqi Xinyu (衢州祥生雲棲新府)	61,677	157,187	22,024	-	179,211	100%	-	-	-	-	-	November 2017	December 2017	1,335.8	-	N/A	N/A
88 Qichou Shinsun Yexiatang (衢州祥生悅溪堂)	16,748	-	-	-	-	-	39,383	25,082	39,611	64%	-	July 2018	September 2018	420.9	23.2	497.0	32
89 Longyou Shinsun Haitin Mansion (龍游祥生海汀府)	86,014	-	-	-	-	-	190,612	145,288	198,609	76%	-	September 2017	October 2017	1,741.5	404.4	1,775.0	29
90 Longyou Shinsun Geyue Mansion (龍游祥生閣月府)	69,937	-	-	-	-	-	185,157	130,348	187,552	70%	-	March 2018	August 2018	1,128.1	481.1	1,340.0	28

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2021 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹				
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Planned GFA ⁹	Total Planned GFA ⁹									Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	
																						(sq.m.)
Lishui																						
91	Lishui Shinsun Yuxianxiang City (麗水祥生雲山祥城)	-	-	-	-	-	-	191,620	11,312	219,752	6%	-	-	-	February 2019	September 2019	September 2022	521.4	625.7	100%	771.0	21
92	Lishui Shinsun Shili Yuxianxiang City (麗水 祥生十里雲山祥城)	192,195	-	-	-	-	-	-	-	-	-	-	-	255,842	July 2021	January 2022	April 2024	273.4	950.7	100%	515.0	22
93	Lishui Shinsun Shili Yuxianxiang City (麗水 祥生十里雲山祥城)	144,253	-	-	-	-	-	-	-	-	-	-	-	184,236	January 2021	July 2021	October 2023	325.1	732.6	100%	362.0	23
94	Suchang Shinsun Hefei Garden Mansion (遂昌祥生 和泰園)	55,086	-	-	-	-	-	136,591	69,037	137,593	51%	-	-	-	December 2019	January 2020	March 2022	591.5	406.3	100%	643.0	24
Jiangsu Province																						
Suzhou																						
95	Zhangjiang Shinsun Oriental Arbor Garden (張家 港祥生東方麓花園)	34,399	74,864	2,091	4,967	-	-	82,822	95%	-	-	-	-	-	April 2018	April 2018	May 2020	448.9	1.9	100%	14.0	92
96	Zhangjiang Shinsun Jinlin Mansion (張家港 祥生金麟府)	45,513	-	-	-	-	-	90,881	75,609	98,127	83%	-	-	-	August 2018	September 2018	September 2020	1,137.9	110.5	100%	1,219.0	93
Yangzhou																						
97	Booying Shinsun Mingyue Garden (寶 應祥生明月花園)	100,049	-	-	-	-	-	186,557	19,537	205,321	10%	-	-	-	August 2018	September 2018	April 2021	478.4	387.6	100%	771.0	99
	Phase I	81,444	-	-	-	-	-	147,359	19,537	159,978	13%	-	-	-	April 2019	January 2021	October 2022			100%		
	Phase II	18,605	-	-	-	-	-	39,199	-	45,343	-	-	-	-						100%		

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Presale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	GFA Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold									GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹
Nantong																				
98	Rudong Shinsun Hanlin Garden Phase I (如東祥生翰林苑一 期)	27,191	46,981	739	3,018	-	50,738	98%	-	-	-	-	September 2017	September 2017	April 2019	373.9	-	100%	N/A	
99	Rudong Shinsun Hanlin Garden Phase II (如東祥生翰林苑 二期)	75,962	128,139	8,400	28,811	-	165,350	98%	-	-	-	-	November 2017	November 2017	June 2020	1,129.3	-	100%	91	
100	Nantong Shinsun Yuning (南通祥生雲 境)	47,814	-	-	-	-	-	-	-	-	-	177,330	177,330	September 2020	November 2020	June 2023	1,443.7	1,539.2	100%	100
Lianyungang																				
101	Lianyungang Shinsun Cangwu Spring Garden (連雲港祥生 蒼梧春曉苑)	102,713	214,876	38,141	52,443	-	305,460	84%	-	-	-	-	December 2016	December 2016	July 2020	1,645.2	76.9	90%	89	
102	Lianyungang Shinsun Hanlin Mansion (連 雲港祥生翰林府)	53,270	94,070	286	20,380	-	114,956	100%	-	-	-	-	August 2017	August 2017	November 2019	806.3	-	100%	90	
Yancheng																				
103	Yancheng Shinsun Jinlin Mansion (鹽城 祥生金樺府)	128,609	-	-	-	-	-	-	205,013	191,389	222,159	93%	-	September 2018	September 2018	December 2020	1,100.0	6.2	100%	98
Suzhou																				
104	Suzhou Shinsun Yunhu Arbor Garden (蘇州祥生雲樺庭 苑)	59,196	103,643	2,749	21,449	-	127,842	97%	-	-	-	-	November 2017	April 2018	June 2020	507.8	51.0	100%	97	
105	Suzhou Shinsun Oriental Arbor (蘇 州祥生東方園)	57,244	-	-	-	-	-	-	-	-	-	168,706	168,706	October 2020	December 2020	May 2023	-	912.8	100%	134

BUSINESS

Project	Completed				Under Development				Future Development				Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹	
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁸	Pre-sold GFA ⁹	Total Planned GFA ¹⁰	Percentage of total saleable GFA pre-sold ¹¹	GFA with Land Use Rights Not Yet Obtained ¹²							Total Estimated GFA ¹³
Tianjin																			
106 Taxing Shinsun Future City Garden (泰興祥未來城花園)	336,869	595,323	47,194	112,834	-	755,350	98%	255,450	184,036	274,538	72%	-	-	4,644.6	1,011.6	70%	1,292.0	96	
Phase I	46,324	91,977	8,218	2,970	-	103,164	99%	-	-	-	-	-	-	-	-	70%	-	-	
Phase II	43,999	101,367	6,500	23,363	-	131,220	100%	-	-	-	-	-	-	-	-	70%	-	-	
Phase III	56,886	125,077	6,701	27,209	-	158,988	100%	-	-	-	-	-	-	-	-	70%	-	-	
Phase IV	64,070	121,576	17,321	36,750	-	175,646	93%	-	-	-	-	-	-	-	-	70%	-	-	
Phase V	49,604	123,197	4,953	21,768	-	149,918	100%	-	-	-	-	-	-	-	-	70%	-	-	
Phase VI	60,173	-	-	-	-	-	-	238,672	169,475	257,440	71%	-	-	-	-	70%	-	-	
Phase VII	26,813	32,129	3,500	774	-	36,403	100%	16,778	14,561	17,118	87%	-	-	-	-	70%	-	-	
107 Taxing Shinsun Guantang Mansion (泰興祥生龍豪府)	70,000	50,764	101,738	51,280	-	203,782	35%	-	-	-	-	-	-	913.8	201.5	70%	467.0	95	
108 Taxing Shinsun Tangyue Garden (泰興祥生堂悅園)	23,748	58,537	1,016	-	-	59,553	98%	-	-	-	-	-	-	435.2	-	70%	N/A	N/A	
109 Taxing Shinsun Tahe Garden (泰興祥生泰和苑)	50,868	-	-	-	-	-	-	108,944	88,683	137,790	81%	-	-	806.8	57.1	100%	798.0	94	
110 Taxing Shinsun Xi Garden (泰興祥生熙園)	117,612	246,597	1,938	7,973	-	256,529	99%	-	-	-	-	-	-	1,183.0	-	55%	N/A	N/A	
111 Taxing Shinsun Futian Garden (泰州祥生福田花園)	163,483	252,824	3,404	3,346	-	259,574	99%	-	-	-	-	-	-	729.8	-	100%	N/A	N/A	
Shandong Province																			
Ji'nan																			
112 Jinan Shinsun Rose Garden (濟南祥生玫瑰家園)	80,057	-	-	-	-	-	-	80,397	23,938	82,759	30%	-	22,703	192.4	264.1	51%	117.0	71	
113 Jiyang Shinsun West River Arbor (濟陽祥生西河莊園)	122,176	-	-	-	-	-	-	311,283	217,475	391,158	70%	-	-	1,392.7	443.6	100%	1,779.0	72	
Phase I	66,667	-	-	-	-	-	-	195,986	139,024	201,810	71%	-	-	-	-	100%	-	-	
Phase II	55,510	-	-	-	-	-	-	115,298	115,298	189,348	68%	-	-	-	-	100%	-	-	

BUSINESS

Project	Completed					Under Development				Future Development				Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Presale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹	
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leaseable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leaseable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹									
																						(sq.m.)
114 Jiyang Shimsun Central Mansion (濟陽祥生中央華府)	306,620	637,020	2,290	6,147	-	645,457	100%	123,807	25,426	136,022	21%	-	-	-	May 2014	May 2014	October 2017	2,407.4	570.5	60%	184.0	73
Phase I	179,687	339,926	213	-	-	340,138	100%	-	-	-	-	-	-	May 2014	-	-	-	-	-	60%	-	-
Phase II	126,933	297,094	2,077	6,147	-	305,319	99%	123,807	25,426	136,022	21%	-	-	December 2016	April 2017	January 2023	-	-	60%	-	-	
115 Jiyang Shimsun Oriental Arbor (濟陽祥生東方園)	126,175	-	-	-	-	-	-	-	-	-	-	-	433,572	433,572	September 2020	November 2020	December 2022	-	1,526.6	60%	0.0	74
Jining																						
116 Zaocheng Shimsun Oriental Arbor (濰城祥生東方園小區)	60,559	120,525	-	48,994	-	169,519	100%	-	-	-	-	-	-	March 2018	April 2018	May 2020	590.9	18.6	100%	N/A	N/A	
117 Zaocheng Shimsun Future City (濰城祥生未來城)	269,631	-	-	-	-	-	-	210,603	42,464	219,394	20%	-	504,095	April 2020	June 2020	December 2025	822.2	2,268.5	100%	865.0	75	
118 Zaocheng Shimsun Qunxian Mansion (濰城祥生群賢府)	88,150	205,676	-	70,239	-	275,915	100%	-	-	-	-	-	-	November 2017	December 2017	December 2019	1,436.3	-	100%	N/A	N/A	
Liaocheng																						
119 Liaocheng Shimsun Jinlin Mansion (聊城祥生金麟府)	38,470	-	-	-	-	-	-	112,005	101,173	132,676	90%	-	-	October 2018	November 2018	October 2021	713.9	171.5	100%	869.0	76	
Anhui Province																						
Hefei																						
120 Hefei Shimsun Yijing (合肥祥生壹景)	71,217	-	-	-	-	-	-	-	-	-	-	-	202,829	202,829	September 2020	November 2020	October 2022	-	2,231.0	100%	0.0	132
Wuhu																						
121 Xianling Shimsun Jinlin Mansion (南陵祥生金麟府)	228,065	341,234	-	-	-	341,234	100%	123,892	90,971	169,261	73%	-	-	July 2017	September 2017	February 2021	1,596.4	520.8	51%	332.0	120	

BUSINESS

Project	Completed						Under Development				Future Development				Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹					
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	Actual/Estimated Construction Commencement Date ¹²				Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	
(RMB in millions)																						
(RMB in million)																						
122	Nanling Shinsun Oriental Arbor (南陵祥生東方苑)	68,600	124,015	8,324	-	-	132,339	94%	2,306	1,024	35,183	44%	-	-	March 2018	May 2018	September 2020	569.7	40.2	51%	88.0	118
123	Nanling Shinsun Jiangnan Mansion (南陵祥生江南府)	70,000	-	-	-	-	-	-	138,782	90,839	173,204	65%	-	-	August 2019	September 2019	April 2022	411.2	328.5	51%	239.0	119
124	Wuhu Shinsun Mansion (蕪湖祥生府)	38,668	-	-	-	-	-	-	149,421	61,112	130,493	41%	-	-	December 2018	April 2019	April 2021	993.5	238.1	100%	1,157.0	121
Xuancheng																						
125	Xuancheng Shinsun Wanning Lake New City (宣城祥生宛陵湖新城)	304,061	724,014	29,537	23,535	-	777,177	96%	48,936	16,705	48,936	34%	-	170,452	August 2014	September 2014	November 2018	3,471.1	463.6	100%	203.0	128
	Phase I	86,925	294,538	20,387	-	-	314,645	93%	-	-	-	-	-	-	April 2017	May 2017	October 2019	-	-	100%	-	-
	Phase II	81,523	209,784	9,150	23,535	-	242,470	96%	-	-	-	-	-	-	September 2017	March 2018	August 2020	-	-	100%	-	-
	Phase III	91,435	220,062	-	-	-	220,062	100%	48,936	16,705	48,936	34%	-	-	May 2021	October 2021	October 2023	-	-	100%	-	-
	Phase IV	44,178	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
126	Xuancheng Shinsun Wanning Xinyu (宣城祥生宛陵新語)	51,247	111,360	4,826	-	-	116,186	96%	22,861	2,434	22,861	11%	-	-	January 2018	April 2018	September 2020	668.4	9.3	100%	24.0	129
127	Xuancheng Shinsun Cloud (宣城祥生雲境)	54,050	-	-	-	-	-	-	108,923	24,122	115,308	22%	-	3,555	December 2019	December 2019	October 2021	324.3	291.5	100%	371.0	130
128	Langxi Shinsun Wuyang Xinyu (郎溪祥生梧桐新語)	59,907	124,036	21,068	6,333	-	151,437	85%	-	-	-	-	-	-	August 2017	September 2017	August 2019	501.6	-	100%	N/A	N/A
129	Langxi Shinsun Yuejiangan (郎溪祥生悅江南)	38,786	-	-	-	-	-	-	144,128	111,260	153,683	77%	-	-	July 2018	October 2018	December 2020	471.9	183.2	100%	519.0	127
130	Guangde Shinsun Guantang Mansion (廣德祥生觀棠府)	55,840	105,294	8,789	4,817	-	118,900	92%	-	-	-	-	-	-	August 2017	November 2017	September 2019	648.4	-	100%	N/A	N/A
131	Guangde Shinsun Flowerly Arbor (廣德祥生花湖樺府)	52,709	85,564	1,406	30,482	-	117,452	98%	-	-	-	-	-	-	November 2017	February 2018	December 2019	504.1	-	51%	7.0	124
132	Guangde Shinsun Junlin Mansion (廣德祥生君麟府)	19,223	-	-	-	-	-	-	53,089	34,889	53,372	66%	-	-	August 2018	September 2018	March 2021	328.6	57.7	100%	353.0	125

BUSINESS

Project	Completed				Under Development			Future Development			Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2021 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹					
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁸	Pre-sold GFA ⁸	Total Planned GFA ⁹							Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³
133 Guangde Shinsun Xive Mansion (廣德祥生熙悅府)	84,780	-	-	-	-	-	-	197,231	29,172	203,587	15%	-	-	October 2019	November 2019	April 2022	309.6	486.3	100%	469.0	126
134 Guangde Jishan Hot Spring Town (廣德祥山溫泉小鎮)	37,275	-	-	-	-	-	-	-	-	-	-	20,316	20,316	March 2021	June 2021	December 2023	53.7	11.3	100%	N/A	N/A
Chuzhou																					
135 Chuzhou Shinsun No. 1 Yard (滁州祥生壹號院)	37,670	92,192	1,576	3,273	-	97,040	98%	-	-	-	-	-	-	December 2016	January 2017	March 2019	417.0	-	100%	N/A	N/A
136 Chuzhou Shinsun Ying Mountain City (滁州祥生藝境山城)	183,999	214,171	6,141	6,385	-	226,698	97%	-	-	-	-	-	-	September 2014	September 2014	March 2019	965.1	-	100%	N/A	N/A
137 Chuzhou Shinsun Oriental Arbor (滁州祥生東方園)	71,293	133,847	3,806	49,670	-	187,324	97%	-	-	-	-	-	-	July 2017	September 2017	December 2019	973.1	-	100%	40.0	112
138 Chuzhou Shinsun Shili (滁州祥生十里)	135,441	141,469	4,488	4,166	-	150,124	97%	-	-	-	-	-	-	September 2016	November 2016	May 2019	506.0	-	100%	N/A	N/A
139 Mingguan Shinsun He Garden (明光祥生和家園)	52,012	79,442	1,409	-	-	80,851	98%	-	-	-	-	-	-	February 2016	March 2016	December 2017	245.3	-	100%	N/A	N/A
140 Dingyuan Shinsun He Garden (定遠祥生和家園)	55,362	104,217	8,866	7,490	-	120,573	92%	-	-	-	-	-	-	January 2017	January 2017	September 2019	364.9	-	100%	N/A	N/A
141 Dingyuan Shinsun Mansion (定遠祥生府)	67,980	52,889	69,869	27,995	-	150,752	43%	-	-	-	-	-	-	March 2018	May 2018	July 2020	627.7	69.4	51%	207.0	113
142 Dingyuan Future Arbor (定遠未來樺)	69,652	-	-	-	-	-	-	-	-	-	-	-	161,543	September 2020	November 2020	June 2023	-	520.8	100%	150.0	133
143 Tranchang Shinsun Junlin Mansion (太長祥生君臨府)	39,570	-	-	-	-	-	-	94,630	68,844	97,164	73%	-	-	September 2018	September 2018	September 2020	424.9	55.2	100%	533.0	114
144 Tranchang Shinsun Junlin Mansion Purple Garden (太長祥生君臨府紫園)	45,622	-	-	-	-	-	-	121,272	87,858	125,490	72%	-	-	January 2019	January 2019	November 2020	409.0	175.6	51%	343.0	115

BUSINESS

Project	Completed			Under Development			Future Development			Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	GFA Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁸	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹					
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)		(RMB in million)	
145 Tianchang Shinsun Mansion (天長祥生 自達金麟街)	60,604	-	-	-	-	-	158,469	14,350	161,039	9%	-	-	207.3	431.0	60%	148.0	131
Ma'anshan																	
146 Ma'anshan Shinsun Jiangshan Mansion (馬鞍山祥生江山府)	60,044	-	-	-	-	-	105,751	13,423	110,212	13%	-	-	167.8	301.0	26%(20)	60.0	116
147 Ma'anshan Shinsun Jiangshan Arbor (馬鞍山祥生江山樺)	57,943	-	-	-	-	-	130,663	61,418	138,725	47%	-	-	303.6	233.5	26%(20)	103.0	117
Suzhou																	
148 Suzhou Shinsun Jiangshan Arbor (宿 州祥生江山樺)	80,243	-	-	-	-	-	255,816	179,805	260,737	70%	-	-	1,170.2	388.3	100%	1,275.0	122
149 Suzhou Shinsun Yunhu Xue Garden (宿州祥生雲湖悅花園)	96,872	-	-	-	-	-	272,697	-	281,372	-	-	-	-	1,180.1	100%	487.0	123
Jiangxi Province																	
Nanchang																	
150 Nanchang Shinsun Mansion (南昌祥生 府)	47,302	-	-	-	-	-	-	-	-	-	130,354	130,354	-	1,489.6	51%	0.0	87
Jiujiang																	
151 Yongyiu Shinsun Junlin Mansion (永修祥生君臨府)	79,878	-	-	-	-	-	200,832	131,880	208,887	66%	-	-	437.8	283.8	60%	533.0	88

BUSINESS																					
Project	Completed				Under Development			Future Development				Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹							
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	GFA Leasable ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold				GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹	Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 201 ¹⁵	Estimated Future Development Cost ¹⁶
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)				(RMB in millions)	(RMB in millions)			
Fuzhou																					
152 Fuzhou Shirsun Oriental Arbor (福州祥生東方苑)	44,912	-	-	-	-	-	-	125,567	95,851	137,974	76%	-	-	July 2018	September 2018	December 2020	425.4	234.3	100%	605.0	85
153 Fuzhou Shirsun Chendong Xinyu (福州祥生長城新語)	69,915	-	-	-	-	-	-	200,051	132,191	203,133	76%	-	-	September 2018	October 2018	September 2020	662.9	110.1	100%	846.0	84
154 Fuzhou Shirsun Foliang Town Tingyuan (福州祥生佛梁小镇亭园)	57,791	-	-	-	-	-	-	160,727	58,665	162,034	36%	-	-	December 2019	January 2020	May 2022	176.3	428.6	63%	193.0	86
155 Fuzhou Shirsun Foliang Town Helong Home (福州祥生佛梁小镇和龙里)	60,935	-	-	-	-	-	-	-	-	-	-	170,093	170,093	June 2021	September 2021	December 2023	-	636.7	63%	N/A	N/A
Hubei Province																					
Wuhan																					
156 Wuhan Shirsun Boping Bay (武汉祥生柏景湾)	61,839	100,768	1,612	-	-	102,380	98%	-	-	-	-	-	-	November 2009	October 2010	March 2012	391.3	-	100%	N/A	N/A
157 Wuhan Shirsun Jun City (武汉祥生君城)	102,094	172,557	1,614	8,553	-	182,724	99%	-	-	-	-	-	-	March 2013	June 2013	November 2015	633.2	-	100%	N/A	N/A
158 Wuhan Shirsun Academy Mansion (武汉祥生学府)	23,003	31,144	2,495	-	-	33,637	92%	-	-	-	-	-	-	September 2014	May 2015	January 2017	188.7	-	100%	N/A	N/A
159 Wuhan Shirsun Peninsula (武汉祥生半岛)	224,293	-	-	-	-	-	-	-	-	-	-	-	67,293	March 2021	August 2021	December 2023	199.8	454.6	100%	145.0	106
Xianao																					
160 Xianao Xiangrong Shalejin Garden (仙桃祥荣上苑仙苑)	16,057	49,569	9,445	-	-	59,014	83%	-	-	-	-	-	-	March 2015	February 2014	October 2015	351.0	-	100%	N/A	N/A
161 Xianao Shirsun Guohua Mansion (仙桃祥生国华府)	67,038	125,054	419	6,779	-	132,252	100%	-	-	-	-	-	-	December 2017	December 2017	June 2020	495.5	74.8	100%	2.0	107

BUSINESS

Project	Completed			Under Development			Future Development				Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁸	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹					
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	
162 Xiantao Shinsun Gantang Mansion (仙桃祥生觀棠府)	84,338	-	-	-	-	-	-	160,472	69,860	170,167	44%	-	-	329.4	193.2	100%	399.0	108
163 Xiantao Shinsun West River Arbor (仙 桃祥生西岸薈)	64,417	-	-	-	-	-	-	29,237	-	29,237	-	-	155,540	134.8	454.9	100%	136.0	109
164 Hubei Shinsun Fairyland International Hotel (湖北祥生仙風麗大 酒店)	58,181	-	-	-	68,887	68,887	-	-	-	-	-	-	-	-	-	100%	249.0	110
Jingmen																		
165 Jiangnan Shinsun Shangjing Mansion (京山祥生南京公館)	118,506	-	-	-	-	-	-	148,852	49,135	148,852	33%	119,976	238,343	362.1	801.9	80%	292.0	104
Jingzhou																		
166 Honghu Shinsun Xin Impression (洪 湖祥生青隼印象)	62,763	127,716	673	3,001	-	131,390	99%	-	-	-	-	-	-	336.5	-	100%	N/A	N/A
167 Honghu Shinsun Jinju Dongcheng (洪湖祥生錦繡東城)	112,762	199,336	2,693	2,391	-	204,620	99%	-	-	-	-	-	-	519.3	-	100%	N/A	N/A
168 Honghu Shinsun Jinju Square (洪湖祥 生聚金廣場)	16,856	19,303	-	-	13,236	32,538	100%	-	-	-	-	-	-	-	-	100%	54.0	105
Hunan Province																		
Hangang																		
169 Hengyang Shinsun Shanshan Aolai Garden (衡陽祥生杉 杉綠萊花園)	62,527	-	-	-	-	-	-	229,076	36,938	231,560	16%	-	-	469.0	510.0	100%	531.0	103

BUSINESS

Project	Completed					Under Development			Future Development			Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2021 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹																
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Percentage of Total Saleable GFA Sold ⁶	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹																								
(sq.m.)																					(sq.m.)			(sq.m.)			(sq.m.)			(RMB in millions)			(RMB in millions)		
Yueyang																																			
170 Yueyang Shinsun Jinlin Mansion (岳陽祥生金麟府)	171,373	128.6	6,422	-	-	19,238	53%	230,617	82,322	245,371	36%	-	-	October 2015	October 2015	April 2022	794.5	13.8	100%	1,299.0	101														
Changle																																			
171 Linli Shinsun Jiangshan Arbor (龍溪祥生江山樺)	127,473	76,085	1,983	18,391	-	96,458	97%	118,058	10,462	121,276	9%	-	125,805	January 2018	February 2018	May 2020	470.6	556.4	70%	161.0	102														
Phase I	42,416	76,085	1,983	18,391	-	96,458	97%	-	-	-	-	-	-	June 2019	August 2019	December 2022	-	-	70%	-	-														
Phase II	47,233	-	-	-	-	-	-	118,058	10,462	121,276	9%	-	-	-	-	-	-	-	70%	-	-														
Phase III	37,824	-	-	-	-	-	-	-	-	-	-	-	125,805	March 2021	June 2021	August 2024	-	-	70%	-	-														
Inner Mongolia Autonomous Region																																			
Hohhot																																			
172 Hohhot Shinsun Jiangshan Arbor (呼和浩特祥生江山樺)	112,083	-	-	-	-	-	-	310,623	-	315,171	-	-	-	June 2020	July 2020	September 2022	871.4	741.0	100%	817.0	79														
Phase I	36,413	-	-	-	-	-	-	104,910	-	106,500	-	-	-	July 2020	October 2020	April 2023	-	-	100%	-	-														
Phase II	35,010	-	-	-	-	-	-	102,066	-	103,342	-	-	-	July 2020	October 2020	April 2023	-	-	100%	-	-														
Phase III	40,660	-	-	-	-	-	-	103,647	-	105,329	-	-	-	July 2020	October 2020	April 2023	-	-	100%	-	-														
173 Hohhot Shinsun Oriental Arbor (呼和浩特祥生東方樺)	64,402	-	-	-	-	-	-	204,599	96,187	208,552	47%	-	-	October 2018	December 2018	August 2021	1,059.4	278.4	100%	920.0	77														
174 Hohhot Shinsun Oriental Arbor Phase II (呼和浩特祥生東方樺二期)	44,980	-	-	-	-	-	-	125,548	-	126,595	-	-	-	May 2020	June 2020	September 2022	249.6	403.7	100%	304.0	78														
175 Hohhot Shinsun Yundu Arbor (呼和浩特祥生雲樺)	62,832	-	-	-	-	-	-	186,399	-	189,453	-	-	-	June 2020	August 2020	October 2022	404.7	568.2	100%	441.0	82														
Phase I	32,090	-	-	-	-	-	-	88,440	-	89,417	-	-	-	July 2020	October 2020	February 2023	-	-	100%	-	-														
Phase II	30,742	-	-	-	-	-	-	97,960	-	100,036	-	-	-	-	-	-	-	-	100%	-	-														
176 Hohhot Shinsun Lanting Arbor (呼和浩特祥生蘭庭樺)	61,664	-	-	-	-	-	-	-	-	-	-	-	178,014	September 2020	November 2020	February 2023	373.3	538.1	100%	400.0	80														

BUSINESS

Project	Completed					Under Development			Future Development			Actual/ Estimated Construction Completion Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹		
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold									GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(RMB in millions)	(RMB in millions)				
177 Hobbit Shinsun Water Park (祥和浩 特祥生水樂園)	82,208	-	-	-	-	-	-	-	-	-	-	-	61,518	October 2020	November 2020	December 2022	88.8	834.0	100%	170.0	8
Fujian Province																					
Nanning																					
178 Nanning Shinsun Ying Flower City (南宁祥生藝苑花城)	356,363	107,004	56,504	-	-	163,508	58%	17,546	-	19,624	-	-	300,000	-	-	-	1,205.3	157.8	100%	648.0	111
Phase I	105,694	67,777	16,833	-	-	84,610	75%	17,546	-	19,624	-	-	-	June 2014	September 2014	December 2023	-	-	100%	-	-
Phase II	120,028	39,226	39,671	-	-	78,898	42%	-	-	-	-	-	-	August 2017	September 2017	April 2020	-	-	100%	-	-
Phase III	130,641	-	-	-	-	-	-	-	-	-	-	-	300,000	March 2022	October 2022	December 2023	-	-	100%	-	-
Liaoning Province																					
Anshan																					
179 Anshan Shinsun Yuedu Mansion (鞍 山祥生越都華庭)	69,561	123,479	3,401	1,296	-	128,177	97%	-	-	-	-	-	-	July 2009	May 2009	September 2012	368.6	-	51%	N/A	N/A
180 Liaoning Shinsun Yuedu Mansion (遼 寧祥生越都華庭)	96,720	125,867	10,548	17,889	-	154,304	92%	49,438	30,978	49,666	63%	-	-	October 2011	October 2011	December 2019	573.2	57.6	51%	164.0	83
Phase I	61,382	96,633	5,336	5,289	-	107,258	95%	-	-	-	-	-	-	October 2011	June 2017	December 2019	-	-	51%	-	-
Phase II	19,084	29,234	5,212	12,600	-	47,046	85%	-	-	-	-	-	-	November 2016	January 2019	December 2020	-	-	51%	-	-
Phase III	16,254	-	-	-	-	-	-	49,438	30,978	49,666	63%	-	-	September 2018	-	-	-	-	51%	-	-
181 Liaoning Shinsun Yuedu Garden (遼寧 祥生越都綠苑)	9,369	18,988	2,330	-	-	21,318	89%	-	-	-	-	-	-	December 2014	January 2015	September 2017	14.0	-	51%	N/A	N/A
Total	13,931,202	11,037,763	1,119,477	1,235,673	339,024	13,731,936		140,444,521	6,031,936	14,914,236		2,036,654	4,650,778								

BUSINESS

– 246 –

BUSINESS

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹			
	Site Area ¹	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹							Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹
Jiangxi																			
8 Zhaji Shinsun Zhongmao Mansion (南昌祥生中茂府)	64,135	-	-	-	-	-	-	118,360	94,418	119,967	80%	-	-	June 2019	August 2019	679.2	301.5	31%	N/A
9 Zhaji Shinsun Yunxi Jiuli (南昌祥生雲溪 九里)	129,248	-	-	-	-	-	-	-	-	-	-	193,872	193,872	July 2021	November 2021	233.8	38.6	30%	N/A
10 Zhaji Shinsun Baoma County Garden (南昌 祥生白馬驊花園)	139,984	-	-	-	-	-	-	221,446	81,528	227,517	37%	-	-	December 2019	December 2019	903.7	882.5	50%	N/A
Jiangsu																			
11 Jiangsu Shinsun Bailu Garden (蘇興 祥生白露驛院)	78,858	-	-	-	-	-	-	222,752	62,121	230,264	28%	-	-	September 2018	December 2018	1,505.6	526.5	50%	N/A
12 Jiangsu Shinsun Upper Lake Pavilion (蘇興祥生上湖軒)	59,329	-	-	-	-	-	-	172,387	59,908	181,675	35%	-	-	December 2019	April 2020	1,299.7	675.2	50%	N/A
13 Jiangsu [2020] Plot South Q05 (蘇興市 2020南-025號地塊)	33,430	-	-	-	-	-	-	-	-	-	-	95,628	95,628	November 2020	January 2021	-	846.9	50%	57
Hubei																			
14 Hubei Shinsun Qianxian Mansion (漢州祥生靜賢府)	43,458	63,955	17,994	-	-	81,949	69%	-	-	-	-	-	-	January 2018	April 2018	562.0	72.3	50%	N/A
15 Hubei Shinsun Yuejiangnan Garden (漢州祥生悅江南花 苑)	73,189	-	-	-	-	-	-	167,491	148,491	209,818	89%	-	-	March 2018	April 2018	1,249.4	416.9	50%	N/A
Jilin																			
16 Yixiu Shinsun Shinsun Cui'an Mansion (義昌世茂 祥生翠蘭華庭)	45,457	-	-	-	-	-	-	175,387	19,406	178,618	11%	-	-	December 2019	December 2019	731.6	491.6	49%	N/A

BUSINESS

Project	Completed				Under Development			Future Development				Actual/Estimated Construction Commencement Date ¹²	Actual/Estimated Pre-sale Commencement Date ¹³	Actual/Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2017 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹
	Unsaleable GFA/GFA Sold ¹	GFA Available for Sale ²	Leasable GFA ³	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of Total Saleable GFA Sold ⁷	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	Percentage of total saleable GFA pre-sold	GFA with Land Use Rights Not Yet Obtained ¹⁰	Total Estimated GFA ¹¹							
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in million)	
Jiangsu Province																			
Nanjing																			
17 Nanjing Longhu Yihui Garden (南京龍湖銀樺苑)	91,346	-	-	-	-	-	239,858	130,340	246,003	54%	-	-	May 2019	July 2021	2,239.0	713.0	30%	N/A	N/A
Zhenjiang																			
18 Zhenjiang Jinke Shinsun Yae Garden (鎮江金科祥生悅園)	40,340	-	-	-	-	-	104,467	23,502	106,314	22%	-	-	October 2019	October 2022	455.4	313.1	40%	N/A	N/A
Taizhou																			
19 Taixing Shinsun He Garden (泰興祥生和家園)	61,550	97,542	90	2,098	-	99,750	-	-	-	-	-	-	March 2009	June 2012	342.6	-	20%	N/A	N/A
20 Taixing Shinsun Jun City (泰興祥生君城)	131,544	270,095	17,879	3,077	-	291,051	-	-	-	-	-	-	November 2011	April 2017	69.2	-	9%	N/A	N/A
Anhui Province																			
Chuzhou																			
21 Dingyuan Country Garden (定遠君桂園)	48,710	48,093	273	-	-	48,366	55,088	38,653	56,050	70%	-	-	May 2018	August 2020	337.0	60.0	49%	N/A	N/A
22 Tranchang Country Garden No.1 Mansion (天長君桂園壹號公街)	67,666	78,429	11,303	32,219	-	121,951	29,899	11,850	33,597	40%	-	-	April 2018	October 2020	583.3	154.9	49%	N/A	N/A

BUSINESS

Project	Completed				Under Development			Future Development			Actual/ Estimated Construction Commencement Date ¹²	Actual/ Estimated Pre-sale Commencement Date ¹³	Actual/ Estimated Construction Completion Date ¹⁴	Development Cost Incurred as of April 30, 2020 ¹⁵	Estimated Future Development Cost ¹⁶	Group's Interest in the Project as of Valuation Date ¹⁷	Market Value Attributable to the Group ¹⁸	Reference to Property Valuation Report ¹⁹	
	Unsaleable GFA/GFA Sold ²	GFA Available for Sale ³	GFA Leasable GFA ⁴	GFA for Property Investment ⁵	Total GFA Completed ⁶	Percentage of total saleable GFA pre-sold	Saleable and Leasable GFA ⁷	Pre-sold GFA ⁸	Total Planned GFA ⁹	GFA with Land Use Rights Not Yet Obtained ¹⁰									Total Estimated GFA ¹¹
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(RMB in millions)	(RMB in millions)		(RMB in million)			
Anqing																			
23 Anqing Shimao Shimsun Jinke County (安徽仕茂洋 生金科郡)	80,587	-	-	-	-	-	78,942	13,589	87,472	17%	-	119,340	September 2019	November 2019	April 2022	531.9	523.2	33%	N/A
Jiangxi Province																			
Shangrao																			
24 Shangrao Shimsun Water Bay (上饶梓生 清水湾)	165,492	37,772	19,912	39,404	-	65%	143,459	14,231	143,459	10%	-	-	March 2018	April 2018	December 2020	476.5	181.2	50%	N/A
Attributable total	1,735,650	156,676	26,253	36,185	-	219,114	1,278,514	505,049	1,357,652		106,170	145,552							
Total Land Bank	15,666,852	11,194,439	1,145,730	1,271,858	339,024	13,951,050	15,323,035	6,536,985	16,271,889		2,142,824	4,796,330							

BUSINESS

Notes:

- (1) For projects or project phases for which we have obtained land use right, based on the relevant land use rights certificates (國有土地使用證); for projects or project phases for which we have not obtained land use right, based on the relevant land grant contracts (國有土地使用權出讓合同). Among our 205 projects as of July 31, 2020, we had signed land grant contracts and had obtained the relevant land use rights certificates for 188 projects, and had signed land grant contracts but had not obtained the relevant land use rights certificates for the remaining 17 projects, as of July 31, 2020.
- (2) Unsaleable GFA refers to certain communal facilities and ancillary facilities, such as certain underground GFA, spaces for property management office, spaces for security office and civil air defense areas; GFA sold refers to completed GFA sold and delivered.
- (3) GFA available for sale is divided into (i) GFA pre-sold but yet to be delivered; and (ii) GFA unsold and available for sale.
- (4) Refers to GFA available to generate rental income excluding investment properties.
- (5) Refers to GFA of property held for investment.
- (6) Refers to total GFA completed, as set out in the completed construction work certified reports (建築工程竣工驗收報告/竣工證書).
- (7) Refers to saleable and leasable GFA in properties under development.
- (8) Refers to GFA as set out in the pre-sales permits which has been pre-sold.
- (9) Refers to total planned GFA under development as set out in the construction work commencement permits (建築工程施工許可證).
- (10) Refers to GFA for which we have signed a land grant contract but have not obtained the relevant land use rights certificates.
- (11) Refers to (i) GFA for which we have signed a land grant contract but have not obtained the relevant land use rights certificates; and (ii) GFA for which we have obtained the land use rights certificates but have not obtained the requisite construction work commencement permits.
- (12) Refers to the date as set out in the construction work commencement permits or estimated by us.
- (13) Refers to the date we obtained or estimate to obtain a pre-sales permit for the project based on our internal records.
- (14) For completed projects, refers to the date of the records of completion certificate (房屋建築工程竣工驗收備案表); for projects under development or for future development, refers to the Group's current estimation with reference to construction working plans.
- (15) Refers to direct (unaudited) costs incurred for the relevant projects, including paid land premium of relevant land use permits, construction costs, capitalized interest and other development costs as of April 30, 2020.
- (16) Refers to the budgeted costs estimated to be incurred based on the development costs incurred as of April 30, 2020.
- (17) Refers to the effective equity interest in the respective city companies contained in the property valuation report as of July 31, 2020.
- (18) Refers to the market value of the project in proportion to our interest in the projects as of July 31, 2020.
- (19) Projects that are not included in the property valuation report are marked as "N/A" in this column.
- (20) Ma'anshan Shinsun Real Estate Development Co., Ltd. (馬鞍山祥生房地產開發有限公司), or Ma'anshan Shinsun, is 49% owned by Zhejiang Zhongxing Investment Co., Ltd. (浙江中興投資有限公司), an Independent Third Party, and 51% owned by Wuhu Shinsun Real Estate Development Co., Ltd. (蕪湖祥生房地產開發有限公司), in which we hold a 51% equity interests. As a result, we hold an aggregate of 26% equity interest in Ma'anshan Shinsun. Ma'anshan Shinsun was accounted for as our subsidiary by virtue of our control over it. See note 1 to the Accountants' Report in Appendix I to this Prospectus.
- (21) Pursuant to the investment framework agreement and the articles of association of Zhuji Shinsun Hongrui Real Estate Co., Ltd. (諸暨祥生弘瑞置業有限公司), or Zhuji Shinsun Hongrui, all shareholder resolutions of the Project Company shall be resolved by all shareholders on a unanimous basis. Therefore, Zhuji Shinsun Hongrui was accounted for as our joint venture during the Track Record Period. See note 17 to the Accountants' Report in Appendix I to this Prospectus.
- (22) Certain amounts above may have been rounded up or down. Accordingly, totals in the table above may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to such rounding.

Description of Projects***Key Projects Developed by Our Subsidiaries***

Description of certain of our key projects developed by our subsidiaries is set out below.

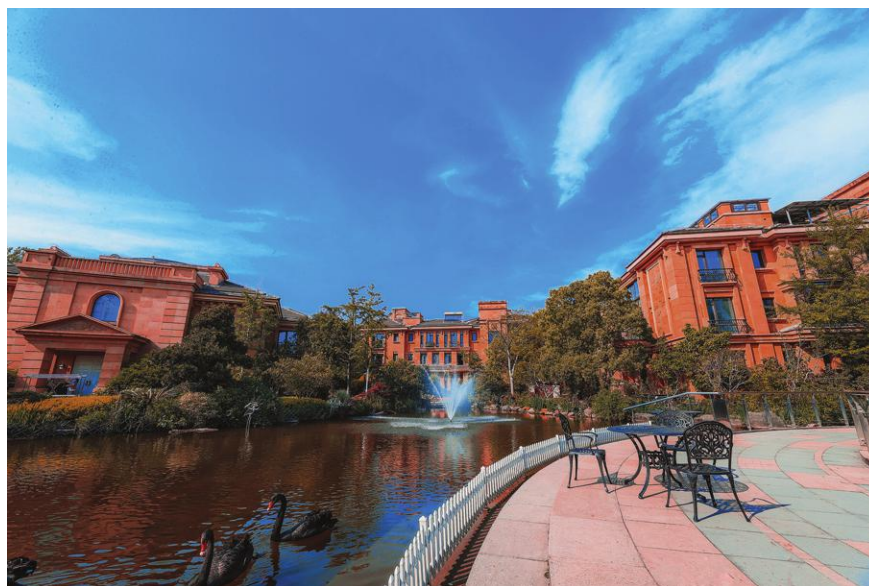
Shanghai**1. Shanghai Shinsun Hongkou Project (上海祥生虹口區項目)**

Shanghai Shinsun Hongkou Project is a residential and commercial project located in Shanghai Municipality. The project occupies an aggregate site area of 45,437 sq.m. and consists of residential and commercial properties, office buildings, car parks and ancillary. Shanghai Shinsun Hongkou Project is developed by Shanghai Jubo Real Estate Development Co., Ltd. (上海聚博房地產開發有限公司). The estimated total land acquisition cost for the relevant land parcels is RMB8,023.4 million. As of July 31, 2020, we had paid the land acquisition cost of RMB7,923.4 million. The first land use rights certificate was obtained in April 2009 and the last land use rights certificate was obtained in September 2015. As of April 30, 2020, we had incurred development costs for the project of RMB8,869.0 million. We estimate that we will incur additional development costs, such as land acquisition cost and construction cost, of approximately RMB1,990.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Estimated commencement date.....	September 2020
– Estimated pre-sale commencement date	December 2021
– Estimated completion date	December 2025
Construction status.....	Held for future development
Total estimated GFA for future development (sq.m.)	288,366
Effective equity interest to our Group	82.5%

2. Shanghai Shinsun Futian Garden (上海祥生福田雅園)



Shanghai Shinsun Futian Garden is a residential project located in Shanghai Municipality. The project occupies an aggregate site area of 48,000 sq.m. and consists of residential properties, car parks and ancillary. Shanghai Shinsun Futian Garden is developed by Shanghai Yuanyu Real Estate Co., Ltd. (上海元宇置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB133.5 million. The land use rights certificate was obtained in June 2007. As of April 30, 2020, we had incurred development costs for the project of RMB1,653.6 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2008
– Actual pre-sale commencement date	December 2010
– Actual completion date	March 2012
Construction status	Completed
Total GFA completed (sq.m.)	104,059
GFA available for sale (sq.m.)	13,096
Percentage of total saleable GFA sold	83%
Effective equity interest to our Group	68%

Hangzhou

3. Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓)



Hangzhou Shinsun Yunxi Xinyu Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 67,824 sq.m. and consists of residential and commercial properties, service apartments, car parks and ancillary. Hangzhou Shinsun Yunxi Xinyu Apartment includes two phases and is developed by Hangzhou Shinsun Hongyuan Real Estate Development Co., Ltd. (杭州祥生弘遠房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB949.4 million. The land use rights certificate was obtained in November 2015. As of April 30, 2020, we had incurred development costs for the project of RMB2,151.4 million.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total GFA completed	GFA available for sale	Percentage of total saleable GFA sold	Effective equity interest to our Group	Actual commencement date	Actual pre-sale commencement date	Actual completion date
	(sq.m.)	(sq.m.)					
Phase I.....	Completed	73,374	730	99%	100%	June 2016	July 2016
Phase II	Completed	88,838	1,182	98%	100%	May 2017	May 2017
							April 2018
							December 2018

4. Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓)



Hangzhou Shinsun Yunpu Xinyu Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 30,479 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Yunpu Xinyu Apartment is developed by Hangzhou Shinsun Hongjing Real Estate Development Co., Ltd. (杭州祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB587.6 million. The land use rights certificate was obtained in November 2016. As of April 30, 2020, we had incurred development costs for the project of RMB1,196.6 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	June 2017
– Actual pre-sale commencement date	July 2017
– Actual completion date	December 2018
Construction status	Completed
Total GFA completed (sq.m.)	79,184
GFA available for sale (sq.m.)	623
Leasable GFA (sq.m.)	27,144
Percentage of total saleable GFA sold	99%
Effective equity interest to our Group	100%

5. Hangzhou Shinsun Qunxian Mansion (杭州祥生群賢府)

Hangzhou Shinsun Qunxian Mansion is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 67,137 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Qunxian Mansion is developed by Hangzhou Shinsun Hongsheng Real Estate Development Co., Ltd. (杭州祥生弘盛房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,386.5 million. The land use rights certificate was obtained in February 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,583.2 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	May 2017
– Actual pre-sale commencement date	June 2017
– Actual completion date	October 2019
Construction status	Completed
Total GFA completed (sq.m.)	208,363
GFA available for sale (sq.m.)	44,278
Leasable GFA (sq.m.)	10,873
Percentage of total saleable GFA sold	69%
Effective equity interest to our Group	100%

6. Hangzhou Shinsun Guangheying Apartment (杭州祥生光合映公寓)

Hangzhou Shinsun Guangheying Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 57,139 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Guangheying Apartment is developed by Hangzhou Shinsun Yixin Real Estate Development Co., Ltd. (杭州祥生宜信房地產開發有限公司). We entered into the relevant land grant contract with the total land premium of RMB1,437.8 million. As of July 31, 2020, we had paid the land premium of RMB718.9 million. The land use rights certificate was obtained in April 2020. As of April 30, 2020, we had incurred development costs for the project of RMB1,615.2 million. We estimate that we will incur additional development costs, such as land acquisition cost and construction cost, of approximately RMB666.0 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	March 2020
– Actual pre-sale commencement date	May 2020
– Estimated completion date	January 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	163,478
Saleable and leasable GFA (sq.m.)	151,379
Pre-sold GFA (sq.m.)	43,567
Percentage of total saleable GFA pre-sold	29%
Effective equity interest to our Group	100%

7. Hangzhou Shinsun Xingheyang Apartment (杭州祥生星合映公寓)

Hangzhou Shinsun Xingheyang Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 66,440 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Xingheyang Apartment is developed by Hangzhou Shinsun Yiyuan Real Estate Development Co., Ltd. (杭州祥生宜遠房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,851.7 million. As of April 30, 2020, we had incurred development costs for the project of RMB967.7 million. The land use rights certificate was obtained in June 2020. We estimate that we will incur additional development costs, such as land acquisition cost and construction cost, of approximately RMB1,944.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	June 2020
– Estimated pre-sale commencement date	October 2020
– Estimated completion date	March 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	207,369
Saleable and leasable GFA (sq.m.)	197,626
Effective equity interest to our Group	100%

8. Hangzhou Shinsun Yinhu Xinyu Apartment (杭州祥生銀湖新語公寓)

Hangzhou Shinsun Yinhu Xinyu Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 69,665 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Yinhu Xinyu Apartment is developed by Hangzhou Shinsun Hongda Real Estate Development Co., Ltd. (杭州祥生弘達房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,762.3 million. The land use rights certificate was obtained in December 2018. As of April 30, 2020, we had incurred development costs for the project of RMB2,413.5 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB439.3 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2018
– Actual pre-sale commencement date	May 2019
– Estimated completion date	March 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	241,613
Saleable and leasable GFA (sq.m.)	239,750
Pre-sold GFA (sq.m.)	83,760
Percentage of total saleable GFA pre-sold	35%
Effective equity interest to our Group	100%

9. Hangzhou Shinsun Yinhu Chenyu Apartment (杭州祥生銀湖宸語公寓)

Hangzhou Shinsun Yinhu Chenyu Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 127,166 sq.m. and consists of residential and commercial properties, service apartments, car parks and ancillary. Hangzhou Shinsun Yinhu Chenyu Apartment is developed by Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB2,928.6 million. The land use rights certificate was obtained in June 2019. As of April 30, 2020, we had incurred development costs for the project of RMB3,219.1 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB2,035.3 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Actual pre-sale commencement date	January 2020
– Estimated completion date	September 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	442,162
Saleable and leasable GFA (sq.m.)	431,047
Pre-sold GFA (sq.m.)	49,689
Percentage of total saleable GFA pre-sold	12%
Effective equity interest to our Group	100%

10. Fuyang Shinsun Chenguangyue Apartment (富陽祥生宸光悅公寓)

Fuyang Shinsun Chenguangyue Apartment is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 30,163 sq.m. and consists of residential and commercial properties, car parks and ancillary. Fuyang Shinsun Chenguangyue Apartment is developed by Hangzhou Shinsun Hongteng Real Estate Development Co., Ltd. (杭州祥生弘騰房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB790.1 million. The land use rights certificate was obtained in March 2020. As of April 30, 2020, we had incurred development costs for the project of RMB929.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB435.9 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Actual pre-sale commencement date	April 2020
– Estimated completion date	April 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	102,594
Saleable and leasable GFA (sq.m.)	96,640
Pre-sold GFA (sq.m.)	5,566
Percentage of total saleable GFA pre-sold	6%
Effective equity interest to our Group	100%

11. Hangzhou Shinsun Cloud (杭州祥生雲境名邸)

Hangzhou Shinsun Cloud is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 76,443 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Cloud is developed by Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd. (杭州祥生弘程房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB2,698.0 million. The land use rights certificate was obtained in March 2019. As of April 30, 2020, we had incurred development costs for the project of RMB3,374.1 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB970.4 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2018
– Actual pre-sale commencement date	June 2019
– Estimated completion date	June 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	208,891
Saleable and leasable GFA (sq.m.)	208,353
Pre-sold GFA (sq.m.)	46,064
Percentage of total saleable GFA pre-sold	22%
Effective equity interest to our Group	100%

12. Hangzhou Shinsun Jiangshanyun Yuenan Mansion (杭州祥生江山雲樾南府)

Hangzhou Shinsun Jiangshanyun Yuenan Mansion is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 79,617 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Jiangshanyun Yuenan Mansion is developed by Hangzhou Shinsun Hongtu Real Estate Development Co., Ltd. (杭州祥生弘圖房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB2,095.9 million. We had not obtained the land use rights certificate. As of April 30, 2020, we had incurred development costs for the project of RMB1,048.0 million. We estimate that we will incur additional development costs, such as land acquisition cost and construction cost, of approximately RMB2,549.6 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	May 2020
– Estimated pre-sale commencement date	August 2020
– Estimated completion date	July 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	292,406
Saleable and leasable GFA (sq.m.)	199,172
Effective equity interest to our Group	100%

13. Hangzhou Shinsun Jiangshanyun Yuebei Mansion (杭州祥生江山雲樾北府)

Hangzhou Shinsun Jiangshanyun Yuebei Mansion is a commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 57,309 sq.m. and consists of commercial properties, car parks and ancillary. Hangzhou Shinsun Jiangshanyun Yuebei Mansion is developed by Hangzhou Shinsun Hongzhi Real Estate Development Co., Ltd. (杭州祥生弘治房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB2,401.6 million. The land use rights certificate was obtained in July 2020. As of April 30, 2020, we had incurred development costs for the project of RMB1,200.8 million. We estimate that we will incur additional development costs, such as land acquisition cost and construction cost, of approximately RMB2,336.0 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	June 2020
– Estimated pre-sale commencement date	September 2020
– Estimated completion date	July 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	204,509
Saleable and leasable GFA (sq.m.)	202,357
Effective equity interest to our Group	100%

Ningbo

14. Fenghua Shinsun Junlin Mansion (奉化祥生君麟府)



Fenghua Shinsun Junlin Mansion is a residential and commercial project located in Ningbo, Zhejiang Province. The project occupies an aggregate site area of 46,029 sq.m. and consists of residential and commercial properties, car parks and ancillary. Fenghua Shinsun Junlin Mansion is developed by Ningbo Shinsun Real Estate Development Co., Ltd. (寧波祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB436.5 million. The land use rights certificate was obtained in July 2017. As of April 30, 2020, we had incurred development costs for the project of RMB956.2 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2017
– Actual pre-sale commencement date	November 2017
– Actual completion date	June 2019
Construction status	Completed
Total GFA completed (sq.m.)	127,704
Leasable GFA (sq.m.)	7,053
Percentage of total saleable GFA sold	100%
Effective equity interest to our Group	100%

Shaoxing

15. Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館)



Zhuji Shinsun West Lake Mansion is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 141,381 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun West Lake Mansion is developed by Zhuji Shinsun Yijing Real Estate Co., Ltd. (諸暨祥生宜景置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB651.0 million. The first land use rights certificate was obtained in May 2017 and the last land use rights certificate was obtained in July 2017. As of April 30, 2020, we had incurred development costs for the project of RMB1,510.6 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2017
– Actual pre-sale commencement date	November 2017
– Actual completion date	December 2019
Construction status	Completed
Total GFA completed (sq.m.)	260,704
GFA available for sale (sq.m.)	2,869
Leasable GFA (sq.m.)	24,370
Percentage of total saleable GFA sold	99%
Effective equity interest to our Group	100%

16. Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府)



Keqiao Shinsun Qunxian Mansion is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 105,991 sq.m. and consists of residential properties, car parks and ancillary. Keqiao Shinsun Qunxian Mansion includes two phases and is developed by Shaoxing Shinsun Hongjing Real Estate Development Co., Ltd. (紹興祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,113.0 million. The land use rights certificate was obtained in April 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,641.0 million.

For details of each phase of this project as of July 31, 2020, see below:

				Percentage of total saleable GFA sold	Effective equity interest to our Group	Actual commencement date	Actual pre-sale commencement date	Actual completion date
	Construction status	Total GFA completed <i>(sq.m.)</i>	Leasable GFA <i>(sq.m.)</i>					
Phase I.....	Completed	186,910	49,988	100%	80%	July 2017	July 2017	December 2019
Phase II.....	Completed	125,135	50,929	100%	80%	July 2017	September 2017	October 2019

17. Keqiao Shinsun Qunxian Mansion Garden (柯橋祥生群賢府雅園)

Keqiao Shinsun Qunxian Mansion Garden is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 46,033 sq.m. and consists of residential properties, car parks and ancillary. Keqiao Shinsun Qunxian Mansion Garden is developed by Shaoxing Shinsun Hongyuan Real Estate Development Co., Ltd. (紹興祥生弘遠房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB488.0 million. The land use rights certificate was obtained in August 2017. As of April 30, 2020, we had incurred development costs for the project of RMB853.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB81.7 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2017
– Actual pre-sale commencement date	January 2018
– Actual completion date	June 2020
Construction status	Completed
Total GFA completed (sq.m.)	121,889
GFA available for sale (sq.m.)	48,252
Percentage of total saleable GFA sold	60%
Effective equity interest to our Group	80%

18. Shangyu Shinsun Mingyue Mansion (上虞祥生明玥府)



BUSINESS

Shangyu Shinsun Mingyue Mansion is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 87,783 sq.m. and consists of residential properties, car parks and ancillary. Shangyu Shinsun Mingyue Mansion is developed by Shaoxing Shinsun Hongsheng Real Estate Development Co., Ltd. (紹興祥生弘盛房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB663.6 million. The land use rights certificate was obtained in January 2018. As of April 30, 2020, we had incurred development costs for the project of RMB2,117.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB3.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	January 2018
– Actual pre-sale commencement date	March 2018
– Estimated completion date	September 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	231,056
Saleable and leasable GFA (sq.m.)	226,957
Pre-sold GFA (sq.m.)	155,349
Percentage of total saleable GFA pre-sold	68%
Effective equity interest to our Group	100%

19. Shaoxing Shinsun Jinlin Mansion (紹興祥生金麟府)

Shaoxing Shinsun Jinlin Mansion is a residential and commercial project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 54,675 sq.m. and consists of residential and commercial properties, car parks and ancillary. Shaoxing Shinsun Jinlin Mansion is developed by Shaoxing Shinsun Hongrui Real Estate Development Co., Ltd. (紹興祥生弘瑞房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,150.0 million. The land use rights certificate was obtained in August 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,843.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB89.3 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2018
– Actual pre-sale commencement date	September 2018
– Estimated completion date	June 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	145,172
Saleable and leasable GFA (sq.m.)	141,626
Pre-sold GFA (sq.m.)	97,137
Percentage of total saleable GFA pre-sold	69%
Effective equity interest to our Group	100%

20. Zhuji Shinsun Cloud Garden (諸暨祥生雲境花園)

Zhuji Shinsun Cloud Garden is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 69,420 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun Cloud Garden is developed by Zhuji Shinsun Xiangyun Real Estate Co., Ltd. (諸暨祥生祥韻置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB779.0 million. The land use rights certificate was obtained in August 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,174.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB244.3 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	November 2018
– Actual pre-sale commencement date	February 2019
– Estimated completion date	November 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	147,572
Saleable and leasable GFA (sq.m.)	145,126
Pre-sold GFA (sq.m.)	127,434
Percentage of total saleable GFA pre-sold	88%
Effective equity interest to our Group	100%

21. Zhuji Shinsun Nanshan County Garden (East) (諸暨祥生南山郡花園(東區))

Zhuji Shinsun Nanshan County Garden (East) is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 231,851 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun Nanshan County Garden (East) is developed by Zhuji Shinsun Jinghui Real Estate Co., Ltd. (諸暨祥生景輝置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB646.0 million. The first land use rights certificate was obtained in June 2018 and the last land use rights certificate was obtained in October 2019. As of April 30, 2020, we had incurred development costs for the project of RMB886.8 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB1,511.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	May 2020
– Estimated pre-sale commencement date	August 2020
– Estimated completion date	October 2024
Construction status	Under development
Total planned GFA under development (sq.m.)	386,074
Saleable and leasable GFA (sq.m.)	381,486
Effective equity interest to our Group	70%

22. Zhuji Shinsun Nanshan County Garden (West) (諸暨祥生南山郡花園(西區))

Zhuji Shinsun Nanshan County Garden (West) is a residential and commercial project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 132,048 sq.m. and consists of residential and commercial properties, car parks and ancillary. Zhuji Shinsun Nanshan County Garden (West) is developed by Zhuji Shinsun Hongrun Real Estate Co., Ltd. (諸暨祥生弘潤置業有限公司). We acquired 100% of equity interest of Zhuji Shinsun Hongrun Real Estate Co., Ltd. in June 2018 with an aggregate consideration of RMB878.8 million, which consideration, pursuant to the relevant equity transfer agreement, was required to be paid by June 1, 2021. As of March 31, 2020, the consideration had not been paid. We expect to pay the consideration by June 1, 2021 as scheduled primarily through our cash inflows including operating profits of subsidiaries and dividends from joint ventures and associates. The first land use rights certificate was obtained in July 2018 and the last land use rights certificate was obtained in September 2019. As of April 30, 2020, we had incurred development costs for the project of RMB1,027.8 million. We estimate that we will incur additional development costs, such as equity transfer consideration and construction cost, of approximately RMB184.6 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Estimated pre-sale commencement date	August 2020
– Estimated completion date	April 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	195,616
Saleable and leasable GFA (sq.m.)	189,980
Total estimated GFA for future development (sq.m.)	–
Effective equity interest to our Group	100%

23. Zhuji Shinsun Jiangnan Yard (諸暨祥生江南大院)

Zhuji Shinsun Jiangnan Yard is a residential and commercial project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 118,793 sq.m. and consists of residential and commercial properties, car parks and ancillary. Zhuji Shinsun Jiangnan Yard is developed by Zhuji Shinsun Hongda Real Estate Co., Ltd. (諸暨祥生弘達置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB506.2 million. The land use rights certificate was obtained in March 2019. As of April 30, 2020, we had incurred development costs for the project of RMB798.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB504.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	April 2019
– Actual pre-sale commencement date	August 2019
– Estimated completion date	September 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	216,368
Saleable and leasable GFA (sq.m.)	209,140
Pre-sold GFA (sq.m.)	162,660
Percentage of total saleable GFA pre-sold	78%
Effective equity interest to our Group	100%

24. Zhuji Shinsun Yunqi Garden (諸暨祥生雲栖花園)

Zhuji Shinsun Yunqi Garden is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 82,144 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun Yunqi Garden is developed by Zhuji Shinsun Yirui Real Estate Co., Ltd. (諸暨祥生宜瑞置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB863.5 million. The land use rights certificate was obtained in August 2019. As of April 30, 2020, we had incurred development costs for the project of RMB1,003.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB552.8 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2019
– Actual pre-sale commencement date	October 2019
– Estimated completion date	April 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	159,609
Saleable and leasable GFA (sq.m.)	157,599
Pre-sold GFA (sq.m.)	88,844
Percentage of total saleable GFA pre-sold	56%
Effective equity interest to our Group	100%

25. Keqiao Shinsun Diyang Mansion (柯橋祥生笛陽府)

Keqiao Shinsun Diyang Mansion is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 100,581 sq.m. and consists of residential properties, car parks and ancillary. Keqiao Shinsun Diyang Mansion is developed by Shaoxing Shinsun Hongfeng Real Estate Development Co., Ltd. (紹興祥生弘豐房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,554.7 million. The land use rights certificate was obtained in December 2019. As of April 30, 2020, we had incurred development costs for the project of RMB1,824.5 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB609.7 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Actual pre-sale commencement date	January 2020
– Estimated completion date	April 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	214,395
Saleable and leasable GFA (sq.m.)	208,546
Pre-sold GFA (sq.m.)	48,675
Percentage of total saleable GFA pre-sold	23%
Effective equity interest to our Group	100%

26. Zhuji Shinsun Yunshang Garden (諸暨祥生雲尚花園)

Zhuji Shinsun Yunshang Garden is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 69,471 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun Yunshang Garden is developed by Zhuji Shinsun Hongze Real Estate Co., Ltd. (諸暨祥生弘澤置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB770.2 million. The land use rights certificate was obtained in October 2019. As of April 30, 2020, we had incurred development costs for the project of RMB833.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB643.8 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	February 2020
– Actual pre-sale commencement date	June 2020
– Estimated completion date	February 2023
Construction status	Under development
Total planned GFA under development (sq.m.)	165,478
Saleable and leasable GFA (sq.m.)	163,792
Pre-sold GFA (sq.m.)	48,987
Percentage of total saleable GFA pre-sold	30%
Effective equity interest to our Group	100%

Wenzhou

27. Wenzhou Shinsun Shangdu Jin Garden (溫州祥生尚都錦園)

Wenzhou Shinsun Shangdu Jin Garden is a residential and commercial project located in Wenzhou, Zhejiang Province. The project occupies an aggregate site area of 79,769 sq.m. and consists of residential and commercial properties, hotel parking and ancillary. Wenzhou Shinsun Shangdu Jin Garden includes two phases and is developed by Wenzhou Shinsun Real Estate Group Co., Ltd. (溫州祥生地產集團有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,862.0 million. The land use rights certificate was obtained in December 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,643.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB660.2 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2017
– Actual pre-sale commencement date	January 2018
– Estimated completion date	October 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	268,526
Saleable and leasable GFA (sq.m.)	250,854
Pre-sold GFA (sq.m.)	156,647
Percentage of total saleable GFA pre-sold (%)	62%
Effective equity interest to our Group	100%

28. Wenzhou Shinsun Xiangrui Jin Garden (溫州祥生祥瑞錦園)

Wenzhou Shinsun Xiangrui Jin Garden is a residential and commercial project located in Wenzhou, Zhejiang Province. The project occupies an aggregate site area of 57,196 sq.m. and consists of residential and commercial properties, car parks and ancillary. Wenzhou Shinsun Xiangrui Jin Garden is developed by Wenzhou Duofu Shinsun Real Estate Co., Ltd. (溫州多弗祥生置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,183 million. The land use rights certificate was obtained in February 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,705.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB480.0 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	May 2018
– Actual pre-sale commencement date	July 2018
– Estimated completion date	October 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	185,848
Saleable and leasable GFA (sq.m.)	182,910
Pre-sold GFA (sq.m.)	118,195
Percentage of total saleable GFA pre-sold	65%
Effective equity interest to our Group	100%

29. Wenzhou Shinsun Hongyang Garden (溫州祥生弘陽望園)

Wenzhou Shinsun Hongyang Garden is a residential and commercial project located in Wenzhou, Zhejiang Province. The project occupies an aggregate site area of 21,191 sq.m. and consists of residential and commercial properties, car parks and ancillary. Wenzhou Shinsun Hongyang Garden is developed by Wenzhou Shinsun Guanghe Real Estate Co., Ltd. (溫州祥生廣和置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB648.0 million. The land use rights certificate was obtained in March 2020. As of April 30, 2020, we had incurred development costs for the project of RMB688.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB268.9 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	January 2020
– Actual pre-sale commencement date	May 2020
– Estimated completion date	April 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	52,093
Saleable and leasable GFA (sq.m.)	51,380
Pre-sold GFA (sq.m.)	29,228
Percentage of total saleable GFA pre-sold	57%
Effective equity interest to our Group	51%

Taizhou

30. Linhai Shinsun Junlin Mansion (臨海祥生君臨府)



Linhai Shinsun Junlin Mansion is a residential project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 38,907 sq.m. and consists of residential properties, car parks and ancillary. Linhai Shinsun Junlin Mansion is developed by Zhejiang Taizhou Shinsun Real Estate Development Co., Ltd. (浙江台州祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB687.0 million. The land use rights certificate was obtained in April 2017. As of April 30, 2020, we had incurred development costs for the project of RMB1,212.4 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2017
– Actual pre-sale commencement date	August 2017
– Actual completion date	April 2020
Construction status	Completed
Total GFA completed (sq.m.)	122,850
GFA available for sale (sq.m.)	97,170
Leasable GFA (sq.m.)	24,197
Effective equity interest to our Group	100%

31. Linhai Shinsun Jiangshan Mansion (臨海祥生江山府)

Linhai Shinsun Jiangshan Mansion is a residential project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 41,120 sq.m. and consists of residential and commercial properties, car parks and ancillary. Linhai Shinsun Jiangshan Mansion is developed by Linhai Shinsun Real Estate Development Co., Ltd. (臨海祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,040.0 million. The land use rights certificate was obtained in December 2017. As of April 30, 2020, we had incurred development costs for the project of RMB1,495.1 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB319.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	April 2018
– Actual pre-sale commencement date	May 2018
– Estimated completion date	December 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	135,483
Saleable and leasable GFA (sq.m.)	133,921
Pre-sold GFA (sq.m.)	115,343
Percentage of total saleable GFA pre-sold	86%
Effective equity interest to our Group	100%

32. Linhai Shinsun Future Mansion (臨海祥生未來公館)

Linhai Shinsun Future Mansion is a residential project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 35,188 sq.m. and consists of residential and commercial properties, car parks and ancillary. Linhai Shinsun Future Mansion is developed by Linhai Shinsun Hongjing Real Estate Development Co., Ltd. (臨海祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB552.0 million. The land use rights certificate was obtained in December 2018. As of April 30, 2020, we had incurred development costs for the project of RMB781.0 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB219.6 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	January 2019
– Actual pre-sale commencement date	June 2019
– Estimated completion date	September 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	120,024
Saleable and leasable GFA (sq.m.)	118,328
Pre-sold GFA (sq.m.)	93,362
Percentage of total saleable GFA pre-sold	79%
Effective equity interest to our Group	73%

33. Wenling Shinsun Jinlin Mansion (溫嶺祥生金麟府)



Wenling Shinsun Jinlin Mansion is a residential project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 57,622 sq.m. and consists of residential properties, car parks and ancillary. Wenling Shinsun Jinlin Mansion is developed by Wenling Shinsun Real Estate Development Co., Ltd. (溫嶺祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,591.0 million. The land use rights certificate was obtained in May 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,505.8 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB205.6 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2017
– Actual pre-sale commencement date	August 2017
– Actual completion date	July 2020
Construction status	Completed
Total GFA completed (sq.m.)	151,968
GFA available for sale (sq.m.)	79,677
Leasable GFA (sq.m.)	70,686
Effective equity interest to our Group	100%

34. Tiantai Shinsun Jiangshan Arbor (天台祥生江山樾)

Tiantai Shinsun Jiangshan Arbor is a residential and commercial project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 17,147 sq.m. and consists of residential and commercial properties, service apartments, car parks and ancillary. Tiantai Shinsun Jiangshan Arbor is developed by Tiantai Shinsun Real Estate Development Co., Ltd. (天台祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB162.5 million. The land use rights certificate was obtained in September 2017. As of April 30, 2020, we had incurred development costs for the project of RMB365.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB41.7 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	November 2017
– Actual pre-sale commencement date	December 2017
– Estimated completion date	October 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	70,578
Saleable and leasable GFA (sq.m.)	60,787
Pre-sold GFA (sq.m.)	39,961
Percentage of total saleable GFA pre-sold	66%
Effective equity interest to our Group	100%

35. Tiantai Shinsun Century Square (天台祥生世紀廣場)

Tiantai Shinsun Century Square is a residential and commercial project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 158,522 sq.m. and consists of residential and commercial properties, office buildings, car parks and ancillary. Tiantai Shinsun Century Square includes two phases and is developed by Tiantai Shinsun Hongjing Real Estate Development Co., Ltd. (天台祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,538.0 million. The land use rights certificate was obtained in June 2018. As of April 30, 2020, we had incurred development costs for the project of RMB2,729.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB903.3 million for the completion of the project.

BUSINESS

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total GFA completed (sq.m.)	GFA for property investment (sq.m.)	Total planned GFA under development (sq.m.)	Saleable and leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Percentage of total saleable GFA pre-sold	Effective equity interest to our Group	Actual pre-sale commencement date	Actual/Estimated completion date
Phase I.....	-	-	418,914	415,587	360,924	87%	100%	November 2018	June 2021
Phase II	127,036	127,036	-	-	-	-	100%	-	January 2020

36. Luqiao Shinsun Yuebin Mansion (路橋祥生悅賓府)

Luqiao Shinsun Yuebin Mansion is a residential and commercial project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 102,520 sq.m. and consists of residential and commercial properties, car parks and ancillary. Luqiao Shinsun Yuebin Mansion is developed by Taizhou Luqiao Shinsun Real Estate Development Co., Ltd. (台州市路橋祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,982.0 million. The land use rights certificate was obtained in December 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,816.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB647.7 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	January 2018
– Actual pre-sale commencement date	March 2018
– Estimated completion date	December 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	318,012
Saleable and leasable GFA (sq.m.)	303,781
Pre-sold GFA (sq.m.)	222,889
Percentage of total saleable GFA pre-sold	73%
Effective equity interest to our Group	100%

37. Xianju Shinsun Qunxian Mansion (仙居祥生群賢府)

Xianju Shinsun Qunxian Mansion is a residential and commercial project located in Taizhou, Zhejiang Province. The project occupies an aggregate site area of 29,931 sq.m. and consists of residential and commercial properties, office buildings, car parks and ancillary. Xianju Shinsun Qunxian Mansion is developed by Xianju Shinsun Real Estate Development Co., Ltd. (仙居祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB487.0 million. The land use rights certificate was obtained in August 2019. As of April 30, 2020, we had incurred development costs for the project of RMB618.3 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB203.4 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2019
– Actual pre-sale commencement date	September 2019
– Estimated completion date	October 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	82,924
Saleable and leasable GFA (sq.m.)	81,878
Pre-sold GFA (sq.m.)	23,925
Percentage of total saleable GFA pre-sold	29%
Effective equity interest to our Group	100%

Jiaxing

38. Jiaxing Shinsun Xinyu Garden (嘉興祥生新語花苑)



Jiaxing Shinsun Xinyu Garden is a residential project located in Jiaxing, Zhejiang Province. The project occupies an aggregate site area of 35,485 sq.m. and consists of residential properties and ancillary. Jiaxing Shinsun Xinyu Garden is developed by Jiaxing Shinsun Real Estate Development Co., Ltd. (嘉興祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB280.3 million. The land use rights certificate was obtained in October 2016. As of April 30, 2020, we had incurred development costs for the project of RMB591.5 million.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	November 2016
– Actual pre-sale commencement date	December 2016
– Actual completion date	November 2018
Construction status	Completed
Total GFA completed (sq.m.)	80,710
Leasable GFA (sq.m.)	5,454
Percentage of total saleable GFA sold	100%
Effective equity interest to our Group	100%

39. Jiaxing Shinsun Jiuxi Garden (嘉興祥生玖熙花苑)

Jiaxing Shinsun Jiuxi Garden is a residential project located in Jiaxing, Zhejiang Province. The project occupies an aggregate site area of 66,689 sq.m. and consists of residential properties, car parks and ancillary. Jiaxing Shinsun Jiuxi Garden includes two phases and is developed by Jiaxing Shinsun Hongjing Real Estate Development Co., Ltd. (嘉興祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB871.0 million. The land use rights certificate was obtained in November 2016. As of April 30, 2020, we had incurred development costs for the project of RMB1,490.7 million.

For details of each phase of this project as of July 31, 2020, see below:

	Construction status	Total GFA completed	Leasable GFA	Percentage of total saleable GFA sold	Effective equity interest to our Group	Actual commencement date	Actual pre-sale commencement date	Actual completion date
		(sq.m.)	(sq.m.)					
Phase I	Completed	106,388	8,665	100%	100%	December 2016	January 2017	December 2018
Phase II	Completed	91,913	–	100%	100%	April 2017	September 2017	January 2019

40. Tongxiang Shinsun Guoyue Mansion (桐鄉祥生國玥公館)

Tongxiang Shinsun Guoyue Mansion is a residential and commercial project located in Jiaxing, Zhejiang Province. The project occupies an aggregate site area of 59,576 sq.m. and consists of residential and commercial properties, car parks and ancillary. Tongxiang Shinsun Guoyue Mansion is developed by Tongxiang Shinsun Real Estate Development Co., Ltd. (桐鄉祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,240.0 million. The land use rights certificate was obtained in April 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,687.9 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB225.6 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2018
– Actual pre-sale commencement date	September 2018
– Estimated completion date	October 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	152,465
Saleable and leasable GFA (sq.m.)	143,384
Pre-sold GFA (sq.m.)	64,395
Percentage of total saleable GFA pre-sold	45%
Effective equity interest to our Group	100%

Zhoushan

41. Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園)

Zhoushan Shinsun Nanshan County Garden is a residential and commercial project located in Zhoushan, Zhejiang Province. The project occupies an aggregate site area of 189,488 sq.m. and consists of residential and commercial properties, car parks and ancillary. Zhoushan Shinsun Nanshan County Garden includes two phases and is developed by Zhoushan Shinsun Real Estate Co., Ltd. (舟山祥生置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,070.8 million. The first land use rights certificate was obtained in May 2016 and the last land use rights certificate was obtained in April 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,637.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB13.3 million for the completion of the project.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total GFA completed (sq.m.)	GFA available for sale (sq.m.)	Leasable GFA (sq.m.)	Percentage of total saleable GFA sold	Total planned GFA under development (sq.m.)	Saleable and leasable GFA (sq.m.)	Percentage					Actual pre-sale commencement date	Actual/Estimated completion date
							Pre-sold GFA (sq.m.)	of total saleable GFA pre-sold	Effective equity interest to our Group	Actual commencement date			
Phase I	Completed	204,246	164	65,076	100%	-	-	-	-	100%	May 2016	May 2016	August 2018
Phase II	Under development	-	-	-	-	214,545	212,314	142,728	67%	100%	August 2017	August 2017	August 2020

Quzhou

42. Quzhou Shinsun Guantang Mansion (衢州祥生觀棠府)

Quzhou Shinsun Guantang Mansion is a residential and commercial project located in Quzhou, Zhejiang Province. The project occupies an aggregate site area of 81,827 sq.m. and consists of residential and commercial properties, car parks and ancillary. Quzhou Shinsun Guantang Mansion is developed by Quzhou Shinsun Real Estate Development Co., Ltd. (衢州祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,485.0 million. The land use rights certificate was obtained in July 2017. As of April 30, 2020, we had incurred development costs for the project of RMB2,270.0 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2017
– Actual pre-sale commencement date	September 2017
– Actual completion date	July 2020
Construction status	Completed
Total GFA completed (sq.m.)	204,225
GFA available for sale (sq.m.)	997
Percentage of total saleable GFA sold	99%
Effective equity interest to our Group	80%

Nantong

43. Rudong Shinsun Hanlin Garden Phase I (如東祥生翰林苑一期)



BUSINESS

Rudong Shinsun Hanlin Garden Phase I is a residential project located in Nantong, Jiangsu Province. The project occupies an aggregate site area of 27,191 sq.m. and consists of residential properties, car parks and ancillary. Rudong Shinsun Hanlin Garden Phase I is developed by Nantong Shinsun Hongjing Real Estate Development Co., Ltd. (南通祥生弘景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB196.0 million. The land use rights certificate was obtained in August 2017. As of April 30, 2020, we had incurred development costs for the project of RMB373.9 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2017
– Actual pre-sale commencement date	September 2017
– Actual completion date	April 2019
Construction status	Completed
Total GFA completed (sq.m.)	50,738
GFA available for sale (sq.m.)	739
Leasable GFA (sq.m.)	3,018
Percentage of total saleable GFA sold	98%
Effective equity interest to our Group	100%

44. Rudong Shinsun Hanlin Garden Phase II (如東祥生翰林苑二期)

Rudong Shinsun Hanlin Garden Phase II is a residential project located in Nantong, Jiangsu Province. The project occupies an aggregate site area of 75,962 sq.m. and consists of residential and commercial properties, car parks and ancillary. Rudong Shinsun Hanlin Garden Phase II is developed by Nantong Shinsun Hongyuan Real Estate Development Co., Ltd. (南通祥生弘遠房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB615.3 million. The land use rights certificate was obtained in November 2017. As of April 30, 2020, we had incurred development costs for the project of RMB1,129.3 million.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	November 2017
– Actual pre-sale commencement date	November 2017
– Actual completion date	June 2020
Construction status	Completed
Total GFA completed (sq.m.)	165,350
GFA available for sale (sq.m.)	8,400
Leasable GFA (sq.m.)	28,811
Percentage of total saleable GFA sold	98%
Effective equity interest to our Group	100%

Taizhou

45. Taixing Shinsun Future City Garden (泰興祥生未來城花園)



Taixing Shinsun Future City Garden is a residential and commercial project located in Taizhou, Jiangsu Province. The project occupies an aggregate site area of 356,869 sq.m. and consists of residential and commercial properties, service apartments, car parks and ancillary. Taixing Shinsun Future City Garden includes seven phases and is developed by Taixing Xiangrui Real Estate Co., Ltd. (泰興市祥瑞置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,344.0 million. The first land use rights certificate was obtained in May 2015 and the last land use rights certificate was obtained in April 2016. As of April 30, 2020, we had incurred development costs for the project of RMB4,644.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB1,011.6 million for the completion of the project.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total GFA completed	Percentage of total saleable		Leasable GFA	Total planned		Percentage of total saleable	Pre-sold GFA	Percentage of total saleable	Effective equity interest to our Group		Actual pre-sale commencement date	Actual/Estimated completion date
		GFA available for sale	GFA sold		GFA under development	Saleable and leasable GFA				Pre-sold GFA	GFA pre-sold		
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)		(sq.m.)			
Phase I.....	103,164	8,218	2,970	99%	-	-	-	-	-	70%	June 2015	August 2015	December 2016
Phase II.....	131,230	6,500	23,363	100%	-	-	-	-	-	70%	June 2016	August 2016	September 2018
Phase III.....	158,988	6,701	27,209	100%	-	-	-	-	-	70%	September 2015	November 2015	July 2017
Phase IV.....	175,646	17,321	36,750	93%	-	-	-	-	-	70%	August 2017	November 2017	May 2020
Phase V.....	149,918	4,953	21,768	100%	-	-	-	-	-	70%	November 2016	February 2017	August 2019
Phase VI.....	-	-	-	-	257,440	238,672	-	169,475	71%	70%	December 2017	February 2018	September 2020
Phase VII.....	36,403	3,500	774	100%	17,118	16,778	-	14,561	87%	70%	April 2016	May 2016	December 2020

46. Taixing Shinsun Guantang Mansion (泰興祥生觀棠府)

Taixing Shinsun Guantang Mansion is a residential and commercial project located in Taizhou, Jiangsu Province. The project occupies an aggregate site area of 70,000 sq.m. and consists of residential and commercial properties, car parks and ancillary. Taixing Shinsun Guantang Mansion is developed by Taixing Xiangrui Real Estate Co., Ltd. (泰興市祥瑞置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB485.0 million. The land use rights certificate was obtained in October 2017. As of April 30, 2020, we had incurred development costs for the project of RMB913.8 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB201.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2017
– Actual pre-sale commencement date	March 2018
– Actual completion date	July 2020
Construction status	Completed
Total GFA completed (sq.m.)	203,782
GFA available for sale (sq.m.)	101,738
Leasable GFA (sq.m.)	51,280
Percentage of total saleable GFA sold	35%
Effective equity interest to our Group	70%

Jinan

47. Jinan Shinsun Rose Garden (濟南祥生玫瑰家園)

Jinan Shinsun Rose Garden is a residential and commercial project located in Ji'nan, Shandong Province. The project occupies an aggregate site area of 80,057 sq.m. and consists of residential and commercial properties, car parks and ancillary. Jinan Shinsun Rose Garden is developed by Jinan Xiangyue Real Estate Co., Ltd. (濟南祥越置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB160.1 million. The land use rights certificate was obtained in August 2019. As of April 30, 2020, we had incurred development costs for the project of RMB192.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB264.1 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2019
– Actual pre-sale commencement date	December 2019
– Estimated completion date	April 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	82,759
Saleable and leasable GFA (sq.m.)	80,397
Pre-sold GFA (sq.m.)	23,938
Percentage of total saleable GFA pre-sold	30%
Total estimated GFA for future development (sq.m.)	22,703
Effective equity interest to our Group	51%

48. Jiyang Shinsun West River Arbor (濟陽祥生西江樾)

Jiyang Shinsun West River Arbor is a residential and commercial project located in Ji'nan, Shandong Province. The project occupies an aggregate site area of 122,176 sq.m. and consists of residential properties, commercial properties, car parks and ancillary. Jiyang Shinsun West River Arbor includes two phases and is developed by Jinan Xianghong Real Estate Development Co., Ltd. (濟南祥弘房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB659.8 million. The land use rights certificate was obtained in August 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,392.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB443.6 million for the completion of the project.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total planned GFA under development (sq.m.)	Saleable and leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Percentage of total saleable GFA pre-sold	Effective equity interest to our Group	Actual commencement date	Actual pre-sale commencement date	Estimated completion date
Phase I . Under development	201,810	195,986	139,024	71%	100%	August 2018	November 2018	October 2020
Phase II. Under development	189,348	115,298	115,298	68%	100%	September 2018	June 2019	December 2020

49. Jiyang Shinsun Central Mansion (濟陽祥生中央華府)



Jiyang Shinsun Central Mansion is a residential and commercial project located in Ji'nan, Shandong Province. The project occupies an aggregate, site area of 306,620 sq.m. and consists of residential properties, commercial properties and car parks, service apartments and ancillary. Jiyang Shinsun Central Mansion includes two phases and is developed by Jinan Xiangshun Real Estate Co., Ltd. (濟南祥順置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB705.3 million. The first land use rights certificate was obtained in April 2014 and the last land use rights certificate was obtained in December 2019. As of April 30, 2020, we had incurred development costs for the project of RMB2,407.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB570.5 million for the completion of the project.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total GFA completed	GFA available for sale	Leasable GFA	Percentage of total saleable GFA sold	Total planned GFA under development	Saleable and leasable GFA	Pre-sold GFA	Percentage of total saleable GFA pre-sold	Effective equity interest in our Group	Actual commencement date	Actual pre-sale commencement date	Actual/Estimated completion date
Phase I	340,138	213	–	100%	–	–	–	–	60%	May 2014	May 2014	October 2017
Phase II	305,319	2,077	6,147	99%	136,022	123,807	25,426	21%	60%	December 2016	April 2017	January 2023

Ji'ning

50. Zoucheng Shinsun Oriental Arbor (鄒城祥生東方樾小區)

Zoucheng Shinsun Oriental Arbor is a residential project located in Ji'ning, Shandong Province. The project occupies an aggregate site area of 60,559 sq.m. and consists of residential properties, car parks and ancillary. Zoucheng Shinsun Oriental Arbor is developed by Zoucheng Xianghong Real Estate Development Co., Ltd. (鄒城市祥弘房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB116.5 million. The land use rights certificate was obtained in August 2017. As of April 30, 2020, we had incurred development costs for the project of RMB590.9 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB18.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	March 2018
– Actual pre-sale commencement date	April 2018
– Actual completion date	May 2020
Construction status	Completed
Total GFA completed (sq.m.)	169,519
Leasable GFA (sq.m.)	48,994
Percentage of total saleable GFA sold	100%
Effective equity interest to our Group	100%

51. Zoucheng Shinsun Future City (鄒城祥生未來城)

Zoucheng Shinsun Future City is a residential and commercial project located in Ji'ning, Shandong Province. The project occupies an aggregate site area of 269,631 sq.m. and consists of residential and commercial properties, car parks and ancillary. Zoucheng Shinsun Future City is developed by Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB768.8 million. The land use rights certificate was obtained in November 2019. As of April 30, 2020, we had incurred development costs for the project of RMB822.2 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB2,268.5 million for the completion of the project.

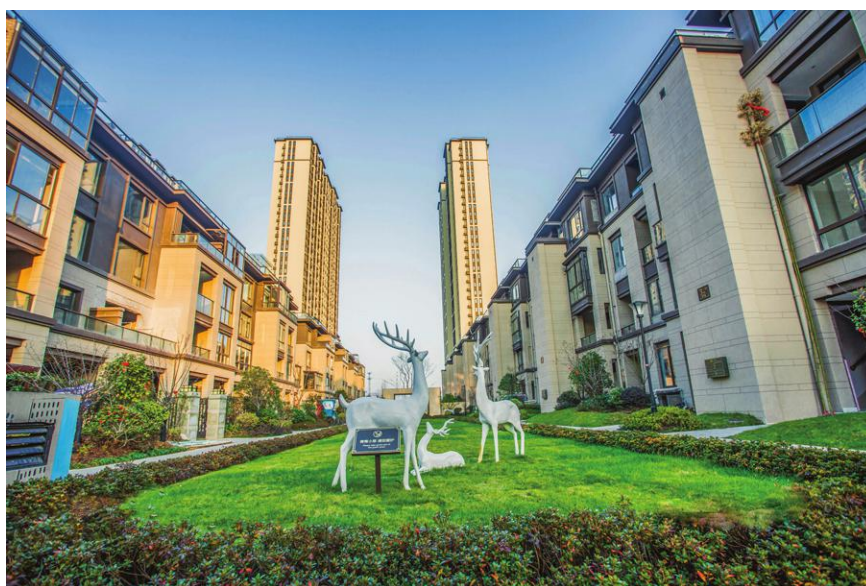
BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	April 2020
– Actual pre-sale commencement date	June 2020
– Estimated completion date	December 2025
Construction status	Under development
Total planned GFA under development (sq.m.)	219,304
Saleable and leasable GFA (sq.m.)	210,603
Pre-sold GFA (sq.m.)	42,464
Percentage of total saleable GFA pre-sold	20%
Total estimated GFA for future development (sq.m.)	504,095
Effective equity interest to our Group	100%

Wuhu

52. Nanling Shinsun Jinlin Mansion (南陵祥生金麟府)



Nanling Shinsun Jinlin Mansion is a residential and commercial project located in Wuhu, Anhui Province. The project occupies an aggregate site area of 228,065 sq.m. and consists of residential and commercial properties, car parks and ancillary. Nanling Shinsun Jinlin Mansion is developed by Wuhu Shinsun Real Estate Development Co., Ltd. (蕪湖祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB355.8 million. The first land use rights certificate was obtained in September 2017 and the last land use rights certificate was obtained in June 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,596.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB520.8 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2017
– Actual pre-sale commencement date	September 2017
– Estimated completion date	February 2021
Construction status	Under development
Total GFA completed (sq.m.)	341,234
Percentage of total saleable GFA sold	100%
Total planned GFA under development (sq.m.)	169,261
Saleable and leasable GFA (sq.m.)	123,892
Pre-sold GFA (sq.m.)	90,971
Percentage of total saleable GFA pre-sold	73%
Effective equity interest to our Group	51%

53. Nanling Shinsun Oriental Arbor (南陵祥生東方樾)

Nanling Shinsun Oriental Arbor is a residential and commercial project located in Wuhu, Anhui Province. The project occupies an aggregate site area of 68,600 sq.m. and consists of residential and commercial properties, car parks and ancillary. Nanling Shinsun Oriental Arbor is developed by Wuhu Shinsun Real Estate Development Co., Ltd. (蕪湖祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB158.1 million. The land use rights certificate was obtained in December 2017. As of April 30, 2020, we had incurred development costs for the project of RMB569.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB40.2 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	March 2018
– Actual pre-sale commencement date	May 2018
– Estimated completion date	September 2020
Construction status	Under development
Total GFA completed (sq.m.)	132,339
GFA available for sale (sq.m.)	8,324
Percentage of total saleable GFA sold	94%
Total planned GFA under development (sq.m.)	35,183
Saleable and leasable GFA (sq.m.)	2,306
Pre-sold GFA (sq.m.)	1,024
Percentage of total saleable GFA pre-sold	44%
Effective equity interest to our Group	51%

54. Nanling Shinsun Jiangnan Mansion (南陵祥生江南府)

Nanling Shinsun Jiangnan Mansion is a residential and commercial project located in Wuhu, Anhui Province. The project occupies an aggregate site area of 70,000 sq.m. and consists of residential and commercial properties, car parks and ancillary. Nanling Shinsun Jiangnan Mansion is developed by Wuhu Shinsun Real Estate Development Co., Ltd. (蕪湖祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB244.9 million. The land use rights certificate was obtained in September 2019. As of April 30, 2020, we had incurred development costs for the project of RMB411.2 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB328.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2019
– Actual pre-sale commencement date	September 2019
– Estimated completion date	April 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	173,204
Saleable and leasable GFA (sq.m.)	138,782
Pre-sold GFA (sq.m.)	90,859
Percentage of total saleable GFA pre-sold	65%
Effective equity interest to our Group	51%

55. Wuhu Shinsun Mansion (蕪湖祥生府)

Wuhu Shinsun Mansion is a residential and commercial project located in Wuhu, Anhui Province. The project occupies an aggregate site area of 58,668 sq.m. and consists of residential and commercial properties, car parks and ancillary. Wuhu Shinsun Mansion is developed by Wuhu Xiangjun Real Estate Development Co., Ltd. (蕪湖祥駿房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB739.5 million. The land use rights certificate was obtained in March 2019. As of April 30, 2020, we had incurred development costs for the project of RMB993.5 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB238.1 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2018
– Actual pre-sale commencement date	April 2019
– Estimated completion date	April 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	150,493
Saleable and leasable GFA (sq.m.)	149,421
Pre-sold GFA (sq.m.)	61,112
Percentage of total saleable GFA pre-sold	41%
Effective equity interest to our Group	100%

BUSINESS

Huhhot

56. Huhhot Shinsun Jiangshan Arbor (呼和浩特祥生江山樾)

Huhhot Shinsun Jiangshan Arbor is a residential and commercial project located in Hohhot, Inner Mongolia Autonomous Region. The project occupies an aggregate site area of 112,083 sq.m. and consists of residential and commercial properties, car parks and ancillary. Huhhot Shinsun Jiangshan Arbor includes three phases and is developed by Hohhot Xiang'an Real Estate Development Co., Ltd. (呼和浩特祥安房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB678.2 million. The first land use rights certificate was obtained in March 2020 and the last land use rights certificate was obtained in April 2020. As of April 30, 2020, we had incurred development costs for the project of RMB871.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB741.0 million for the completion of the project.

For details of each phase of this project as of July 31, 2020, see below:

Construction status	Total planned GFA under development (sq.m.)	Saleable and leasable GFA (sq.m.)	Effective equity interest to Group	Actual commencement date	Actual/Estimated pre-sale commencement date	Estimated completion date
Phase I..... Under development	106,500	104,910	100%	June 2020	July 2020	September 2022
Phase II..... Under development	103,342	102,066	100%	July 2020	October 2020	April 2023
Phase III.... Under development	105,329	103,647	100%	July 2020	October 2020	April 2023

Key Projects Developed by Our Joint Ventures and Associates

Description of certain of our key projects developed by our joint ventures and associates is set out below.

Hangzhou

1. Hangzhou Shinsun Jinhang Mansion (杭州祥生金航府)

Hangzhou Shinsun Jinhang Mansion is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 76,702 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Shinsun Jinhang Mansion is developed by Hangzhou Shinsun Yijing Real Estate Development Co., Ltd. (杭州祥生宜景房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,994.1 million. The land use rights certificate was obtained in August 2018. As of April 30, 2020, we had incurred development costs for the project of RMB2,572.8 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB576.1 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	October 2018
– Actual pre-sale commencement date	December 2018
– Estimated completion date	April 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	241,236
Saleable and leasable GFA (sq.m.)	190,413
Pre-sold GFA (sq.m.)	132,200
Percentage of total saleable GFA pre-sold	69%
Effective equity interest to our Group	40%

2. Hangzhou Shinsun Center (杭州祥生中心)

Hangzhou Shinsun Center is a commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 44,442 sq.m. and consists of commercial properties, office buildings, a hotel, service apartments, car parks and ancillary. Hangzhou Shinsun Center is developed by Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd. (杭州祥生弘瑞房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,508.4 million. We had not obtained the land use rights certificate as of July 31, 2020. As of April 30, 2020, we had incurred development costs for the project of RMB1,670.9 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB1,498.7 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	November 2019
– Estimated pre-sale commencement date	April 2021
– Estimated completion date	October 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	278,877
Saleable and leasable GFA (sq.m.)	277,027
Effective equity interest to our Group	49%

3. Hangzhou Renheng Shinsun Coral Century Garden (杭州仁恒祥生珊瑚世紀雅園)

Hangzhou Renheng Shinsun Coral Century Garden is a residential and commercial project located in Hangzhou, Zhejiang Province. The project occupies an aggregate site area of 77,273 sq.m. and consists of residential and commercial properties, car parks and ancillary. Hangzhou Renheng Shinsun Coral Century Garden is developed by Hangzhou Renxiang Real Estate Development Co., Ltd. (杭州仁祥房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB2,942.5 million. The land use rights certificate was obtained in April 2019. As of April 30, 2020, we had incurred

BUSINESS

development costs for the project of RMB3,541.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB1,299.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	May 2019
– Actual pre-sale commencement date	November 2019
– Estimated completion date	October 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	242,708
Saleable and leasable GFA (sq.m.)	209,293
Pre-sold GFA (sq.m.)	39,615
Percentage of total saleable GFA pre-sold	19%
Effective equity interest to our Group	29%

Ningbo

4. Ningbo Shinsun Bright Jinlin Mansion (寧波祥生光明金麟府)

Ningbo Shinsun Bright Jinlin Mansion is a residential and commercial project located in Ningbo, Zhejiang Province. The project occupies an aggregate site area of 65,854 sq.m. and consists of residential properties, commercial properties and office buildings. Ningbo Shinsun Bright Jinlin Mansion is developed by Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd. (寧波祥生弘盛房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,592.4 million. The land use rights certificate was obtained in January 2020. As of April 30, 2020, we had incurred development costs for the project of RMB1,754.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB655.6 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	February 2020
– Actual pre-sale commencement date	June 2020
– Estimated completion date	March 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	179,292
Saleable and leasable GFA (sq.m.)	172,184
Pre-sold GFA (sq.m.)	25,230
Percentage of total saleable GFA pre-sold	15%
Effective equity interest to our Group	50%

5. Fenghua Shinsun Yunshan Xinyu (奉化祥生雲山新語)

Fenghua Shinsun Yunshan Xinyu is a residential and commercial project located in Ningbo, Zhejiang Province. The project occupies an aggregate site area of 62,700 sq.m. and consists of residential and commercial properties, service apartments, car parks and ancillary. Fenghua Shinsun Yunshan Xinyu is developed by Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd. (寧波祥生弘遠房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB870.3 million. The land use rights certificate was obtained in August 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,243.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB252.3 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	July 2018
– Actual pre-sale commencement date	September 2018
– Estimated completion date	December 2020
Construction status	Under development
Total planned GFA under development (sq.m.)	180,071
Saleable and leasable GFA (sq.m.)	177,409
Pre-sold GFA (sq.m.)	140,083
Percentage of total saleable GFA pre-sold	79%
Effective equity interest to our Group	49%

Shaoxing

6. Zhuji Shinsun Baima County Garden (諸暨祥生白馬郡花園)

Zhuji Shinsun Baima County Garden is a residential project located in Shaoxing, Zhejiang Province. The project occupies an aggregate site area of 139,984 sq.m. and consists of residential properties, car parks and ancillary. Zhuji Shinsun Baima County Garden is developed by Zhuji Shinsun Hongpeng Real Estate Co., Ltd. (諸暨祥生弘鵬置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB838.7 million. The land use rights certificate was obtained in October 2019. As of April 30, 2020, we had incurred development costs for the project of RMB903.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB882.5 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Actual pre-sale commencement date	December 2019
– Estimated completion date	August 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	227,517
Saleable and leasable GFA (sq.m.)	221,446
Pre-sold GFA (sq.m.)	81,528
Percentage of total saleable GFA pre-sold	37%
Effective equity interest to our Group	50%

Jiaxing

7. Jiaxing Shinsun Bailu Garden (嘉興祥生白鷺別院)

Jiaxing Shinsun Bailu Garden is a residential and commercial project located in Jiaxing, Zhejiang Province. The project occupies an aggregate site area of 78,858 sq.m. and consists of residential and commercial properties, car parks and ancillary. Jiaxing Shinsun Bailu Garden is developed by Jiaxing Nanhu District Jiaotou Shinsun Real Estate Development Co., Ltd. (嘉興市南湖區交投祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,152.9 million. The land use rights certificate was obtained in April 2018. As of April 30, 2020, we had incurred development costs for the project of RMB1,505.6 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB526.5 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	September 2018
– Actual pre-sale commencement date	December 2018
– Estimated completion date	September 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	230,264
Saleable and leasable GFA (sq.m.)	227,752
Pre-sold GFA (sq.m.)	62,121
Percentage of total saleable GFA pre-sold	28%
Effective equity interest to our Group	50%

8. Jiaxing Shinsun Upper Lake Pavilion (嘉興祥生上湖軒)

Jiaxing Shinsun Upper Lake Pavilion is a residential and commercial project located in Jiaxing, Zhejiang Province. The project occupies an aggregate site area of 59,329 sq.m. and consists of residential and commercial properties, car parks and ancillary. Jiaxing Shinsun Upper Lake Pavilion is developed by Jiaxing Xiuzhou District Jiaotou Shinsun Real Estate Development Co., Ltd. (嘉興市秀洲區交投祥生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,191.0 million. The land use rights certificate was obtained in October 2019. As of April 30, 2020, we had incurred development costs for the project of RMB1,299.7 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB675.2 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	December 2019
– Actual pre-sale commencement date	April 2020
– Estimated completion date	August 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	181,675
Saleable and leasable GFA (sq.m.)	172,387
Pre-sold GFA (sq.m.)	59,908
Percentage of total saleable GFA pre-sold	35%
Effective equity interest to our Group	50%

Huzhou

9. Huzhou Shinsun Yuejiangnan Garden (湖州祥生悅江南花苑)

Huzhou Shinsun Yuejiangnan Garden is a residential and commercial project located in Huzhou, Zhejiang Province. The project occupies an aggregate site area of 73,189 sq.m. and consists of residential and commercial properties, car parks and ancillary. Huzhou Shinsun Yuejiangnan Garden is developed by Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd. (湖州吳興交投祥生置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB703.0 million. The land use rights certificate was obtained in December 2017. As of April 30, 2020, we had incurred development costs for the project of RMB1,249.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB416.9 million for the completion of the project.

BUSINESS

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	March 2018
– Actual pre-sale commencement date	April 2018
– Estimated completion date	March 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	209,818
Saleable and leasable GFA (sq.m.)	167,491
Pre-sold GFA (sq.m.)	148,491
Percentage of total saleable GFA pre-sold	89%
Effective equity interest to our Group	50%

Nanjing

10. Nanjing Longhu Yihui Garden (南京龍湖頤輝花苑)

Nanjing Longhu Yihui Garden is a residential and commercial project located in Nanjing, Jiangsu Province. The project occupies an aggregate site area of 91,346 sq.m. and consists of residential properties, commercial properties and apartments, car parks and ancillary. Nanjing Longhu Yihui Garden is developed by Nanjing Yihui Real Estate Co., Ltd. (南京市頤輝置業有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB1,760.0 million. The land use rights certificate was obtained in December 2018. As of April 30, 2020, we had incurred development costs for the project of RMB2,239.0 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB713.0 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	April 2019
– Actual pre-sale commencement date	May 2019
– Estimated completion date	July 2021
Construction status	Under development
Total planned GFA under development (sq.m.)	246,003
Saleable and leasable GFA (sq.m.)	239,858
Pre-sold GFA (sq.m.)	130,360
Percentage of total saleable GFA pre-sold	54%
Effective equity interest to our Group	30%

Zhenjiang

11. Zhenjiang Jinke Shinsun Yue Garden (鎮江金科祥生悅園)

Zhenjiang Jinke Shinsun Yue Garden is a residential project located in Zhenjiang, Jiangsu Province. The project occupies an aggregate site area of 40,340 sq.m. and consists of residential properties, car parks and ancillary. Zhenjiang Jinke Shinsun Yue Garden is developed by Zhenjiang Kesheng Real Estate Development Co., Ltd. (鎮江科生房地產開發有限公司). We entered into the relevant land grant contract and fully paid the total land premium of RMB364.3 million. The land use rights certificate was obtained in July 2019. As of April 30, 2020, we had incurred development costs for the project of RMB455.4 million. We estimate that we will incur additional development costs, such as construction cost, of approximately RMB313.1 million for the completion of the project.

Based on our internal records, details of the project as of July 31, 2020 were as follows:

Construction period	
– Actual commencement date	August 2019
– Actual pre-sale commencement date	October 2019
– Estimated completion date	October 2022
Construction status	Under development
Total planned GFA under development (sq.m.)	106,314
Saleable and leasable GFA (sq.m.)	104,467
Pre-sold GFA (sq.m.)	23,502
Percentage of total saleable GFA pre-sold	22%
Effective equity interest to our Group	40%

OUR PROPERTY DEVELOPMENT MANAGEMENT**Property Development Process**

Our success in property development is attributable to our standardized operating procedures, which enable us to plan relevant operations and execute such plans within the required timeframe for each development stage after acquiring the land and therefore improve our overall operational efficiency. We have established a three-tier organizational structure, namely our headquarters, regional companies and project companies. This flat organization structure ensures the effectiveness of the headquarters' decision-making and efficiency of project companies and regional companies' project execution. Through the utilization of our standardized operating procedures, we have been able to complete our property projects within approximately eight months on average from acquiring the relevant land parcel to commencing pre-sales. We formulate the procedures based on our operational experience and needs and modify the procedures on a project-by-project basis. Such procedures set out the guidelines for our employees and contractors in managing and developing our property projects, and provide detailed timing and evaluation targets and checklists.

The diagram below summarizes the major stages of our property development process⁽¹⁾.



Note:

- (1) The required time for each property development stage may vary depending on the geographical location and the size of the projects. In particular, the average time taken to obtain land use rights certificates after signing land grant contracts is approximately 122 days. The sequence of specific planning and execution activities may also vary among projects due to the requirement of local laws and regulations.

Site Selection and Land Acquisition

Site Selection

We undergo a careful examination and selection process of our property sites. Our investment and development personnel at the regional and group level leads the site selection process. The investment and development personnel in regional companies collect information of potentially available land parcels and carry out screening processes based on which they draft and submit preliminary project proposals to the respective regional investment and development team. Regional investment and development team reviews and updates the project proposals with inputs from other professional teams at the regional level, and then submits the updated project proposal to our investment and development center for review. We involve personnel from our finance and fund management center, capital management center, construction and contract center, product design center, operation management center and marketing and customer relationship center to solicit their inputs at this stage. Personnel of our commercial properties and characteristic town management companies are also involved at this stage if necessary. Thereafter, the further updated project proposal is submitted to our investment decision-making committee for final review and approval.

We carry out the site selection process in all projects with a strong focus on the growth potential, marketability and profitability. The key factors we consider in assessing whether a site is suitable for development include, but are not limited to:

- prospects of the area and relevant cities' economic development and population growth;
- the physical and geological characteristics of the site;
- industry policy and development strategies of the central and local governments;
- prospects of financial returns, indicated by factors such as estimated return on investment, internal rate of return, profit margin and payback period for front-end investments, local tax rates and construction costs;

- scale and price of the land and the potential for value appreciation;
- local zoning regulations, infrastructure and prospects of the city's development;
- number of our existing projects and competing projects in the relevant area; and
- sufficiency of cash flow from our operations in the relevant area.

Land Acquisition

Our prudent land acquisition strategy, acute market insight and investment vision into China's real estate market and our diversified land acquisition initiatives propel our business expansion and growth. We strive to identify high quality undervalued lands with huge property value growth potentials. During the Track Record Period, we acquired our land through the following methods:

- participation in public tenders, auctions and listings-for-sale organized by the relevant government authorities;
- establishing joint ventures with other property developers and participating in public tenders, auctions and listings-for-sale as joint ventures; and
- acquisition of equity interests in, or land parcels from third parties which possess land.

During the Track Record Period, we primarily acquired land through public tenders, auctions and listings-for-sale from government authorities in accordance with relevant PRC laws and regulations. Usually, in a public tender, an evaluation committee (including a representative of the grantor and other experts) evaluates and selects the submitted tenders. In addition to the bidding price, consideration may be given to each bidder's property development experience, track record, credit history, qualifications and development proposals. Public auctions are normally held by local land bureaus, and the land use rights are usually granted to the highest bidders. As of July 31, 2020, the GFA of our land bank acquired through public tenders, auctions and listings-for-sale was 20.2 million sq.m., representing 84.7% of our total land bank.

In addition, we acquired land through establishing joint ventures with leading third-party property developers and participating in public tenders, auctions and listings-for-sale as joint ventures. Such cooperation helps us expand into new markets where we have limited experience. We believe the sharing of common business concepts and leveraging our respective strengths and experiences in project development can bring mutual benefits to us as well as our partners. As of July 31, 2020, the GFA of our land bank acquired through establishing joint ventures with third-party property developers was 1.6 million sq.m., representing 6.6% of our total land bank.

Further, we acquired equity interests in, or land parcels, to a lesser extent, from companies that possess or have the rights to possess land use right for certain land parcels. This method allows us to obtain targeted land at competitive prices as it allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties. This method also allows us to consolidate our strengths and competitiveness with resources of the target companies. As of July 31, 2020, the GFA of our land bank acquired through acquisitions was 2.1 million sq.m., representing 8.7% of our total land bank.

We have also established a “Shinsun Town” (祥生小鎮) development model under which we cooperate with local governments, such as local governments of Shaoxing, Hangzhou, Hohhot and Fuzhou, to develop featured comprehensive real estate development projects with a mix of residential and commercial properties. We work closely with local governments in project positioning and industrial planning to accomplish local city-industry integration policies (“本地產城融合”). If our proposals with respect to the project positioning meet the local development’s needs, we may enter into agreements of intent on investment or investment and cooperation agreements with local governments pursuant to which the local governments provide residential and commercial land for our development at relatively low land acquisition cost and with various policy support. We profit from the land appreciation as well as from our development and operation of properties under the “Shinsun Town” model. Through such model, we are able to acquire sizeable quality land parcels in Zhejiang Province and the Pan-Yangtze River Delta Region at reasonable costs. For example, the land acquisition cost for our Fuzhou Shinsun Foling Town (撫州祥生佛嶺小鎮) project was approximately RMB825 per sq.m., compared to the average land cost of approximately RMB1,551 per sq.m. for residential land in Dongxiang District, Fuzhou in 2019. During the Track Record Period and up to the Latest Practicable Date, we had obtained ten land parcels from various local governments under the “Shinsun Town” model at favourable acquisition costs. As of July 31, 2020, we had obtained ten land parcels from various local governments with a total GFA attributable to us of 1,378,940 sq.m. for projects under the “Shinsun Town” model, accounting for approximately 5.8% of our total land bank as of the same date. See “— Competitive Strengths — “1+1+X” Expansion Strategy and Quality Land Bank, Laying Solid Foundation for Long-term Growth.”

Leveraging our prudent land acquisition strategies and diversified land acquisition methods, possess land reserve in regions and cities of strong growth potential with relatively low acquisition costs. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our recognized average land acquisition costs per sq.m. were RMB2,342, RMB2,937, RMB2,915, RMB3,165 and RMB3,715, respectively; and our land acquisition costs accounted for 36.4%, 37.5%, 37.7%, 43.9% and 49.3%, respectively, of the total cost of sales for property development. We believe our sizeable land bank, together with our diversified land acquisition strategies, provide us with a stable development pipeline and will contribute to our long-term growth.

Since August 1, 2020 and up to August 31, 2020, we had won tenders for three parcels of land with a total site area of approximately 259,069 sq.m. at an aggregate consideration of approximately RMB1.4 billion, which was and will be funded by internally generated funds and borrowings. The average land cost of these three parcels of land was RMB7,040 per sq.m. We had entered into land grant contracts with the relevant government authorities with respect to these land parcels. These land parcels are located in Ji'nan and Hefei. As of August 31, 2020, we had not obtained the land use rights certificates for these land parcels.

Financing

We finance our projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, and cash flows generated from diversified external financing channels, such as bank and other borrowings, ABS and senior notes.

Internal Financing

We use the proceeds from the pre-sales and sales of our properties to fund our business operation 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-sales activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties.”

External Financing

Bank and other borrowings are our primary source of external financing. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our bank borrowings amounted to RMB6,920.2 million, RMB8,770.9 million, RMB9,002.0 million and RMB10,058.3 million, respectively. See “Financial Information — Indebtedness.” Our ability to obtain financing from banks for our projects depends on various economic measures introduced by the central and local governments. According to a guideline issued by the CBRC on August 30, 2004, 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 the development of other property 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 the development of other property projects is adjusted from 30% to 25%. See “Regulatory Overview — Real Estate Financing — Loans to Real Estate Development Enterprises.”

BUSINESS

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. As of April 30, 2020, the total amount of our trust financing was RMB20,310.7 million. See “Financial Information — Indebtedness — Bank and Other Borrowings — Trust Financing.”

Since April 30, 2020 and up to August 31, 2020, we entered into six loan agreements for borrowings with a total principal amount of RMB4,210.0 million. The interest rates of these six loan agreements range from 3.70% to 7.00% per annum. During the same period, we entered into 28 trust financing arrangements for facilities with an aggregate principal amount of approximately RMB12,166.5 million. The interest rates of these trust financing agreements range from 7.90% to 15.40% per annum.

In order to further diversify our financing resources, on June 11, 2018, Xiang Sheng Holding Limited issued US\$95.0 million principal amount senior notes due on May 23, 2019, guaranteed by Shinsun property and Mr. Chen, or the 2018 Notes. Xiang Sheng Holding Limited is an indirect subsidiary of, and a special purpose vehicle set up for financing purposes by Shinsun Property. The 2018 Notes borne interest at the rate of the greater of LIBOR rate plus 9% or 11%. As of December 31, 2019, the 2018 Notes had been repaid in full.

On May 23, 2019 and December 20, 2019, Xiang Sheng Holding Limited issued an aggregate principal amount of RMB994.9 million RMB-denominated notes due 2020 with an interest rate of 9.5% per annum. As of December 31, 2019 and April 30, 2020, these RMB-denominated notes had been partially repaid with an outstanding remaining balance of RMB1,016.3 million and RMB72.7 million, respectively.

On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited issued US\$300.0 million aggregate principal amount of 12.5% senior notes due 2022, or the 2022 Notes. The 2022 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2022 Notes are unsecured.

On July 31, 2020, Xiang Sheng Overseas Limited, a wholly-owned subsidiary of Shinsun Property, issued US\$200.0 million in aggregate principal amount of 11.0% senior notes due in 2021, or the 2021 Notes. The 2021 Notes bear interest at the rate of 11.0% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2021 Notes are unsecured. See “Financial Information — Indebtedness — Senior Notes.”

Project Design

In order to provide our customers with quality designs and to achieve operational efficiency, we outsource the design of all of our property projects to third-party domestic or international architecture and design firms. We have worked closely with leading domestic and international architecture and design firms, such as Shanghai Tianhua Group (上海天華建築設計有限公司), Shanghai HIC Architectural Design Office (上海翰創建築設計事務所) and Shanghai DiDong Architecture Design Co., Ltd (上海地東建築設計事務所有限公司). We typically engage architecture and design firms during the land acquisition stages. During land acquisition stages, we select architecture and design firms through tenders or direct engagement from our database of shortlisted firms. For certain large-scale key projects, we may select architecture and design firms through public tender process. In selecting architecture and design firms, we consider the firms' track record, design capabilities and industry awards and recognition.

Each of our property series targets different customer groups and has distinctive design features. The Arbor series primarily targets first-time purchasers, features strong functionality and practicability and offers interior designs that provide sufficient room for the living needs of residents, especially children. The Mansion series primarily targets first-time upgraders and features a modern Chinese design style, offering comfort in addition to functionality and practicality with common areas that include both centralized large-scale public landscapes as well as satellite small-scale public spaces designed for different age groups. The Cloud series primarily targets subsequent upgraders who value premium living environment and centralized community facilities, and features modern minimalist design style with a mix of modern Chinese and metropolitan. Adhering to the concept of “communities for all ages” (全齡化社區), the Cloud series offers residents a sense of ceremony through its project planning and design, landscape design, architecture and interior design, creating a new landmark of modern urban life. The Top series targets high-net-worth customers seeking luxury lifestyles with high degrees of privacy. The Top series provides top-level craftsmanship, and equips the properties with premium branded hardware and decoration. Based on the needs of these high-net-worth customers, the Top series adopts a “three-tier” landscape design comprising public landscapes, semi-public interactive landscapes, and private landscapes.

Our product design center supervises and provides the third-party architecture and design firms with directions and design criteria on which we aim to market our property development series to match our business strategy. Our product design center and the relevant city companies closely monitor the work of the architecture and design firms to ensure that the project designs meet our specifications and relevant governmental regulations.

Contractors and Procurement

Appointment of Construction Contractors

We contract our construction works of our property projects to construction contractors. Such construction works include, among other things, foundation digging, structural construction and installation of equipment. During the Track Record Period, we engaged certain connected persons to conduct our construction works. See “— Suppliers and Customers — Suppliers.”

We primarily select our general contractors through a tender process. Our bidding and procurement management department in construction and contract center manages the tender process. To a lesser extent, for certain projects located in the areas where we have a deep knowledge of local market and competitive landscape, we may select general contractors through negotiated bidding. We also engage specialized contractors in specific areas, such as equipment installment, landscaping and decoration. Specialized contractors are selected through tender processes or direct engagements. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervisory for their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractors’ professional qualifications, technical capabilities, track record, project team requirement and prices tendered. During the Track Record Period, we had engaged and maintained stable business relationships with a number of general construction contractors and specialized contractors.

We require our contractors to purchase the relevant insurance policies covering any labor issues of our contractors or accidents and injuries that may occur during construction. Therefore, we are not responsible for labor issues of our contractors as well as accidents or injuries that may occur during construction. However, our strict quality control measures require our contractors to comply with the relevant rules and regulations, including environmental, labor, social and safety regulations to minimize our risks and liabilities. Save as disclosed in “— Legal Proceedings and Compliance — Legal Proceedings,” during the Track Record Period, we were not involved in any material dispute with our contractors nor were there any case of material personal injury or death involving our contractors that had a material and adverse effect on our business.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction work. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. In general, we pay the construction companies 70% to 85% of the full contract price when the construction work is completed and pay approximately 95% to 97% of the total contract price upon project completion. We typically retain approximately 3% to 5% of the contract price as quality deposit till the end of warranty period. Generally, the credit terms that we have with our contractors are range from one to three months. For credit terms of our five largest suppliers during the Track Record Period, see “— Suppliers and Customers — Suppliers.”

During the Track Record Period, none of our suppliers or contractors provided any advances, financing, allowances or rebates to us, and we did not enter into any payment-on-behalf-of arrangements with any supplier or contractor.

Procurement

Our construction contractors are primarily responsible for procuring raw materials, such as steel, concrete and sandstone. We also procure certain materials, equipment and fixtures through our centralized procurement system, such as elevators, air conditioners, wall paint, water-proofing materials and electrical appliances. Our construction materials are primarily purchased from suppliers in the PRC. To ensure quality, we normally procure materials from approved qualified suppliers within our supplier database which contains data on the service quality and pricing of related suppliers and is regularly reviewed and updated. We typically invite at least three qualified contractors from the database to submit bids in any single tender, and we assess the price and quality of each supplier. When we select suppliers, we consider their product and service quality, suitability in handling the potential projects and their reputations. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operations.

Our contracts typically include that the construction fee will not be adjusted based on the fluctuation of raw material prices, and we, as a result, do not bear the risks associated with such commodity price movements. However, our contracts with general contractors typically provide that the price of steel and concrete will be adjusted to quoted-price during construction, if the relevant commodity price fluctuated more than five percent. During the Track Record Period, there was no material movements in our raw material prices. See “Risk Factors — Risks Relating to Our Business — Fluctuations in the price of construction materials and our construction contractors’ labor costs could affect our business and financial performance.”

Project Construction and Quality Control

Project Construction

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the relevant documentation related to land use, the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the relevant documentation related to land use, the construction land planning permit and the construction work planning permit are obtained). As of the Latest Practicable Date, we did not experience any material delays in obtaining the land use rights certificates and all relevant certificates (if applicable, real estate rights certificate) and permits as required by PRC laws and regulations for all of our projects or project phases under development and projects held for future

development. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays in the commencement and/or completion of construction of properties which had any material adverse impact on our business, financial condition and results of operations.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations or otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties and the idle land might be reclaimed without any compensation. Under the Measures on Disposing of Idle Land promulgated by the Ministry of Land and Resources on April 28, 1999 and revised on June 1, 2012, “idle land” is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one-third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. During the Track Record Period and up to the Latest Practicable Date, we did not hold any idle land and were not required to forfeit any land or pay any idle land fee by the government authorities.

Quality Control

We place significant emphasis on quality control in the construction and management of our projects. As of April 30, 2020, we had a team of 591 employees engaged in quality control. The following are certain important measures or procedures we have adopted to ensure better quality control:

- we assign each project its own on-site engineering management team, which comprises qualified engineers led by our project managers to ensure quality and monitor the progress and workmanship of construction on a daily basis;
- our regional project quality control teams inspect each project on a monthly basis. In addition, the engineering management department at the group level performs regular quality control inspections and promotes measures and initiatives that have proven to be successful in previous projects;
- we retain qualified independent third-party construction supervision companies to oversee the construction of our projects;
- we compile a set of standardized technical guidelines for construction management of each project, such as inspecting construction materials before construction commences and evaluating sample unit; and
- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

Progress Control

We have established a project schedule management system that requires project companies and departments to collect and report project progress to our engineering management department in construction and contract center and other responsible departments to ensure the operating efficiency and project execution capability. Supported by such project schedule management system, we follow up the progress of each project and timely respond to the deviations from the planned schedule, stay aware of the risks of each stage of the process based on our experience, and integrate the resources to prevent such risks from occurring to ensure the completion of the plan. In addition, we provide detailed project construction timelines in our agreements with construction contractors and will closely monitor to ensure that such timeline is met.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects. For each project, the responsible regional company shall prepare a target budget plan, which will be submitted to our cost and contract department in construction and contract center at headquarters for approval.

We have adopted a full-cycle dynamic cost management system, setting cost targets and preparing cost budget in each key stage of the project. We have also implemented dynamic cost management measures during the development of projects, which enable us to actively monitor actual cost deviation from the budget. 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 make appropriate adjustment in a timely manner.

Sales and Marketing

Pricing

We determine our per unit sales price with reference to prices of comparable properties in the market, our expected return and features of the respective project, such as location, design, and availability of transportation and ancillary facilities. The sales and marketing teams of our regional companies study local market information and formulate pre-marketing, sales and pricing plans and procedures for approval by the marketing and customer relationship center. In addition, within the given limit of price adjustment in compliance with relevant PRC laws and regulations, we may also adjust the prices of our for-sale properties during the sales process based on market responses we receive.

Sales and Marketing Plan

We primarily sell our properties by our sales and marketing personnel. Our marketing and customer relationship center is responsible for formulating marketing and sales strategies and managing the overall sales and marketing process. We believe our following sales and marketing strategies and channels contributed to diversified sources of customers.

We have adopted a precision marketing strategy by carefully designing marketing campaigns for each property project after market studies on the targeted customers as well as the local regions. With respect to each property project, we design and launch various marketing activities that we believe are best suitable for the respective project.

In addition to traditional marketing channels such as television and billboards, we also organize various online sales and marketing activities through social media. We carefully analyze our target customers' preferences and distribute our advertisements on websites and through social media platforms frequently used by our target customers. Moreover, we organize on-site marketing campaigns in shopping malls and residential communities to attract and maintain potential purchasers. We organize media conferences and new product launch events to promote our new products and introduce our product development process.

Although we primarily rely on our own sales and marketing personnel, we also work with external property agents to facilitate the sales of certain projects. Our agreements with external property agents usually include key terms such as the scope of retention, duration of services, and fees and payment method. The agreements usually also require external property agents not to conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and to carry out truthful advertising and comply with all applicable regulatory requirements. During the Track Record Period, sales commission rate of our external property agents generally ranged from 0.7% to 0.9% of the total contracted sales price of the property sold through such agents. The agreements typically set forth the commission rates, which are generally determined by the proportion of properties they help sell during a particular period. In 2017, 2018 and 2019 and the four months ended April 30, 2020, we engaged four, four, four and five external property agents, respectively. The amount of commissions we pay such external property agents is typically dependent on their sales performance, which we evaluate on a monthly basis. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we incurred commissions to external real estate agents in the amount of RMB19.2 million, RMB26.1 million, RMB34.2 million, RMB5.3 million and RMB2.3 million, respectively. During the Track Record Period and up to the Latest Practicable Date, there were no dispute that may have a material adverse effect on us arising between external property agents and us.

Pre-sales

In line with industry practice in the PRC, we normally commence pre-sales of our property development project before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans which are drawn up as early as the acquisition of the relevant parcel of land. Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to payment of the land grant premium and obtaining the relevant land use rights certificate, construction work planning permit, construction work commencement permit and pre-sale

permit before the commencement of pre-sales. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties.” We must fulfill certain conditions before we can obtain the pre-sales permits, including but not limited to:

- the land premium is paid in full and the land use rights certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- at least 25% of the total investment has been made in the development of the relevant properties;
- the progress of the construction should meet the local governmental authority’s requirements for pre-sale; and
- the pre-sale has been registered with the relevant local entities.

We generally schedule the launch of our pre-sale campaigns according to the progress of construction and market conditions. Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to make a down payment according to the schedule stipulated in the pre-sale contract. The amount of down payments and the circumstances in which down payments may be forfeited are stipulated in the relevant pre-sale contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale contracts with the relevant local authorities. Cancelled contracted sales are sales transactions cancelled after customers sign pre-sale contracts and make down payments. Such incidents are rare. Our Directors confirm that any cancelled contracted sales did not have a material adverse effect on our financial condition during the Track Record Period.

Pre-sale Proceeds

Under the current PRC laws, the deposit and use of pre-sale proceeds are also restricted. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties” and “Risk Factors — Risks Relating to Our Business — We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.” See also “— Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents — Pre-sale Proceeds Incidents” for details on applicable laws and regulations in relation to pre-sale proceeds at national and local levels. The main purpose of governmental supervision for the pre-sale proceeds of commodity properties is to ensure the consummation of development of any property projects.

We have adopted internal control measures to ensure that the proceeds derived from our pre-sales of properties are used for the construction of the relevant projects in accordance with the relevant laws and regulations. Before applying for the pre-sale permits, we typically sign an agreement on the supervision of pre-sale proceeds with a supervising bank or third-party agency and set up a designated escrow account where the pre-sale proceeds are to be deposited into. When we need to withdraw the pre-sale proceeds for the development and construction of the relevant projects, we submit the relevant information such as proof of the completion of certain part of the project. Upon receipt of such materials, the supervising bank or third-party agency releases the withdrawal of pre-sale proceeds from the escrow account.

Applicable Agreements Regarding the Supervision of Escrow Accounts

We typically enter into supervisory agreements with the supervising commercial banks where we maintain designated escrow accounts pursuant to the relevant regulations on pre-sale proceeds. In Lianyungang, we enter into such agreements with the local regulatory authorities and deposit pre-sale proceeds generated from the projects located in Lianyungang into the bank account under the name of Lianyungang Real Estate Transaction Management Service Co., Ltd. (連雲港市房地產交易管理服務有限公司), or the Agency. The Agency was designated by local regulatory authorities on pre-sale activities to handle the deposit or pre-sale proceeds in Lianyungang. Property developers that plan to undertake pre-sale activities in Lianyungang are required to enter into Lianyungang Commodity Property Pre-sale Proceed Escrow Account Agreement (《連雲港市商品房預售資金監管協議書》), or the Lianyungang Agreement, with local regulatory authorities and the relevant commercial bank, or the Bank, open and maintain escrow accounts under the Agency's name, and deposit pre-sale proceeds generated from the projects located in Lianyungang into such escrow accounts. The salient terms of the Lianyungang Agreement include the following.

- *Account set-up.* The local regulatory authorities set up bank account with the local branch of the Bank under the name of the Agency, or the Agency Account. Meanwhile, we also set up our own account with a different local branch of the Bank.
- *Deposit of pre-sale proceeds.* The Bank agrees to transfer pre-sale proceeds into the Agency Account in real time. Regarding mortgage loans, if the mortgage bank is the Bank, then the Bank will directly deposit the mortgage loan into the Agency Account. If the mortgage bank is not the Bank, then the Bank agrees to immediately transfer the proceeds into the Agency Account.
- *Withdrawal of pre-sale proceeds.* We are required to submit application for withdrawal when we need to withdraw pre-sale proceeds for property development purposes. The amount permitted to be withdrawn depends on the balance as a percentage of the threshold for key escrow funds. The local regulatory authorities agree to either approve or reject our request to withdraw proceeds from the Agency Account and instruct the Bank on whether to release the funds within three business days. The Bank will then release the approved funds.

BUSINESS

- *Penalties.* The Bank will pay 1% of the unauthorized withdrawal to the local authorities as a penalty.
- *Dispute resolution.* Any disputes among the Bank, the relevant authorities and us, it will be handled through mediation, failing which by arbitration with local arbitral tribunals, or litigation at the local court.
- *Termination.* The Lianyungang Agreement may be terminated when the relevant property passes construction completion inspection. We will apply to cancel the Agency Account after satisfying these conditions, and the remaining balance shall be released.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, the balance we maintained in the Agency Account was RMB462.8 million, RMB330.4 million, RMB70.9 million and RMB25.0 million, respectively. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties” for more details on the relevant regulations in Lianyungang.

For property projects outside Lianyungang, we enter into relevant supervisory agreements with supervising banks, the key terms of which typically include the following.

- *Account set-up.* We set up bank account, or the supervised account, with the supervising banks, and confirm the preliminary deposit amount under supervision based on estimated construction costs and other spending.
- *Deposit of pre-sale proceeds.* We are required to deposit all pre-sale proceeds received directly and fully into the supervised escrow account.
- *Withdrawal of pre-sale proceeds.* We are required to submit application for withdrawal when we need to withdraw pre-sale proceeds for property development purposes. Such application includes proof of construction progress. If construction plans change and require additional funds than the preliminary amount determined during account set-up, we are required to submit proof from the relevant construction planning authorities and purchasing orders. The bank will either approve or reject our application for withdrawal within a certain number of days based on requirements of the local authorities.
- *Penalties.* The Bank will pay 1% of the unauthorized withdrawal to the local authorities as a penalty.
- *Dispute resolution.* Any disputes will be handled through mediation, failing which by litigation at the local court.
- *Termination.* The agreement may be terminated when the relevant property passes construction completion inspections.

BUSINESS

The balance we maintained with the supervising banks was RMB2,110.3 million, RMB3,588.7 million, RMB4,047.6 million and RMB4,912.2 million, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020.

In addition, pre-sale proceeds deposited with supervising banks are recorded as restricted cash in the Accountants' Report included in Appendix I to this Prospectus, while those deposited with the Agency Account are recorded as other deposits because the Agency Account was not under our name. See "Financial Information — Description of Certain Combined Statements of Financial Position Items" and the Accountants' Report included in Appendix I to this Prospectus for further details on other deposits and restricted cash.

Payment Arrangement

Our customers may choose to pay the purchase price of our properties by one lump-sum payment or by mortgage financing. Customers choosing to settle the purchase price by one lump-sum payment will be required to fully settle the purchase price shortly after the execution of the sales contract. Customers choosing to settle the purchase price by mortgage financing shall, according to the terms stipulated in the relevant sales contract, normally make a down payment of 30% to 60% of the purchase price upon the execution of the sales contract in accordance with the applicable PRC laws and regulations. Depending on the processing time required by mortgagee banks, the balance of the purchase prices will typically be paid by the mortgagee banks shortly after the date of execution of the sales contracts.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if a purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank. We will be assigned the title to the mortgage loan, giving us rights to the property, after settling such outstanding balances. In accordance with industry practice, we do not conduct credit checks on our customers but carefully review the results of credit checks conducted by relevant banks. During the Track Record Period, the average time for balances of purchase price to be paid by mortgagee banks after the execution of property sales contracts was approximately 68 days.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, our outstanding guarantees in respect of the mortgages for purchasers of our properties amounted to RMB13,642.5 million, RMB17,930.4 million, RMB37,028.8 million and RMB36,635.6 million, respectively. During the Track Record Period, we did not encounter any material incidents of default by our customers. See "Financial Information — Commitments and Contingent Liabilities" and "Risk Factors — Risks Relating to Our Business — We guarantee the mortgage loans provided by financial institutions to our customers, and, consequently, we may be liable to the mortgagees if our customers default on their mortgage payments."

Delivery of Properties and After-sales Customer Service

Delivery of Completed Properties

We endeavor to deliver completed properties to our customers on a timely basis in accordance with the terms of the sales contracts. We closely monitor the progress of construction work at our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay a late-delivery compensation to our customers in accordance with the terms of the relevant sales contracts. Under the relevant PRC laws and regulations, we are required to obtain completion certificates before delivering properties to our customers. See “Regulatory Overview — Development of Real Estate Projects — Acceptance and Examination upon Completion of Real Estate Projects” for further information. After a property development project has passed the requisite completion and acceptance inspections, we will notify our customers before the delivery date stipulated in the sale contracts, to arrange the delivery procedures. Our customers will then come to our designated locations to conduct the delivery procedure with us. In 2018, 2019 and the four months ended April 30, 2020, we experienced certain delays in property delivery for one project, four projects and two projects, respectively, to our customers, and as a result incurred compensation and default payments. See “Risk Factors — Risks Relating to Our Business — We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers” and “Financial Information — Results of Operations — Other Expenses.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any delays in the property delivery which had any material adverse impact on our business, financial condition and results of operations as a whole.

After-sales Services

Our marketing and customer relationship center and relevant property management companies that we engaged are responsible for providing after-sales customer services. To facilitate delivery process, we have set up an online one-stop delivery and repair platform. After the delivery of properties, we assist our customers in obtaining property ownership certificates and provide assistance to the move-in process. Our marketing and customer relationship center is also responsible for collecting and analyzing customer satisfaction during sales, delivery and post-delivery through third-party surveyor in order to understand the needs of our customers, evaluate our products, modify the designs of our future properties and improve service quality. In addition, we also set up national customer service hotline and generate working orders based on customers’ complaints or service needs. Our marketing and customer relationship center sets up a dedicated team to follow up on working orders. We have established internal policies and procedures with respect to the handling of customer feedback and complaints. We also follow up with our customers for reviews on our responses.

We have also established a membership program “Shinsun Club (祥生會)” in certain of our properties in which purchasers of such property are automatically enrolled in such club. Members of Shinsun Club can file maintenance service requests or complaints online, receive information regarding our projects’ status and community activities and invitations to attend community activities organized by us. We believe the membership program enables us to establish better relationships with our customers, build customer loyalty, foster brand awareness, better solicit timely customer feedbacks and also to better handle our ability to customer complaints. During the Track Record Period, we were not aware of material customers’ complaints or product liability claims.

Warranties and Returns

We are generally required to provide our customers with warranties for the quality of building structures 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》). We also provide quality warranties for ground foundations, main structures, waterproofing, water and electricity work and decorative work, as the case may be. The warranty durations vary depending on the covered items and are usually for a period of about two to five years starting from the property delivery date. The warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design document.

Our contractors are responsible for rectifying quality defects in the properties pursuant to the contracting contracts, whether such defects are discovered pre- or post-completion and delivery. In practice, substantially all of the expenses incurred for handling customer claims were directly paid by our contractors. In addition, we typically retain 3% to 5% of the contract amount of our construction contracts till the end of warranty period, and, should we incur any expense in handling such claims directly if the relevant contractor fails to respond to customer claims in a timely manner, we would be entitled to deduct the costs incurred from the quality warranty deposit we have retained.

Generally, apart from our breach of property purchase contracts, we do not allow returns of properties from our customers. There was no return of properties from our customers during the Track Record Period which had a material adverse effect on our business, financial condition and results of operations.

MANAGEMENT CONSULTING SERVICES

Leveraging our established experience and expertise in developing property projects, since 2018, we commenced to provide management consulting services primarily to certain of our joint ventures and associates, which mainly include services in connection with project construction, cost control, project design, procurement and sales and marketing of properties during the development and sales processes. Starting from 2018, we partnered with third party developers to jointly develop some property projects, which we believe can reduce investment and operational risks and leverage each other's industry experience and competitive advantages throughout the property development cycle. Because of our strong property development capabilities and extensive industrial experience, some joint ventures and associates, given they are small-scale start-up entities without sufficient real estate development experience, engaged us to provide management consulting services to them. In 2018, 2019 and the four months ended April 30, 2019 and 2020, we provided management consulting services to three, five, three and one customers, respectively. In 2018 and 2019 and the four months ended April 30, 2019 and 2020, revenue derived from our management consulting services was RMB9.0 million, RMB23.9 million, RMB4.9 million and RMB6.0 million, respectively.

Our management consulting customers in 2018 included Hangzhou Shinsun Yijing Property Development Co., Ltd. (杭州祥生宜景房地產開發有限公司), Jiangxi Futian Yishou Investment Development Co., Ltd. (江西福田益壽投資開發有限公司), and Ningbo Shinsun Hongyuan Property Development Co., Ltd. (寧波祥生弘遠房地產開發有限公司). In 2019, our manage consulting service customers included Ningbo Shinsun Hongyuan Property Development Co., Ltd. (寧波祥生弘遠房地產開發有限公司), Jiangxi Futian Yishou Investment Development Co., Ltd. (江西福田益壽投資開發有限公司), Huzhou Hanyue Real Estate Development Co., Ltd. (湖州漢樾房地產開發有限公司), Zhuji Shinsun Zhaoji Property Development Co., Ltd. (諸暨祥生兆基置業有限公司) and Zhuji Xiangjun Property Development Co., Ltd. (諸暨祥駿置業有限公司). In the four months ended April 30, 2020, our management consulting service customer was Hangzhou Renxiang Property Development Co., Ltd. (杭州仁祥房地產開發有限公司).

We do not expect this business line to grow significantly in the near future. We have been focusing, and expect to continue to focus on providing such services mainly to our joint ventures and associates.

PROPERTY LEASING

Along with our residential property projects, we also develop commercial properties, mainly including office buildings, shopping centers, community businesses and hotels. We hold and operate a portion of our commercial properties as investment properties for capital appreciation and lease them to generate rental income.

BUSINESS

As of July 31, 2020, we held eight completed investment properties with an aggregate GFA for property investment of approximately 339,025 sq.m. During the Track Record Period, leasing income generated from our investment properties amounted to RMB14.0 million, RMB14.6 million, RMB12.6 million, RMB3.8 million and RMB16.1 million, respectively, in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020.

The following table sets forth detailed information of our investment properties.

Project	Location	GFA for Property Investment (sq.m.)	Occupancy Rate as of July 31, 2020
1. Tiantai Shinsun Century Square Phase II (天台祥生世紀廣場二期)	Taizhou, Zhejiang Province	127,036	99.3%
2. Zhuji Square Shopping Mall Project (諸暨廣場商貿項目)	Shaoxing, Zhejiang Province	78,333	98.4%
3. Zhuji New Century Garden Shops (諸暨新世紀花園商舖)	Shaoxing, Zhejiang Province	770	100%
4. Zhuji Futian Garden Shops (諸暨福田花園商舖)	Shaoxing, Zhejiang Province	7,268	99.7%
5. Ruijing International Business Center 27th Floor (瑞晶國際商務中心27樓)	Hangzhou, Zhejiang Province	241	100%
6. Honghu Shinsun Jujin Square (洪湖祥生聚金廣場)	Jingzhou, Hubei Province	13,236	N/A ⁽¹⁾
7. Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) ⁽²⁾	Xiantao, Hubei Province	68,887	N/A ⁽³⁾
8. Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) ⁽²⁾	Shaoxing, Zhejiang Province	43,254	N/A ⁽³⁾

Notes:

- (1) This property does not have an occupancy rate as we were in the process of formulating the lease and tenant sourcing plan as of July 31, 2020.
- (2) We operated and derived hotel service revenue from Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) and Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) during the Track Record Period. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “— Hotel Services.”
- (3) This property does not have an occupancy rate as it is a hotel.

We plan to selectively increase commercial properties located at prime locations that are likely to appreciate in value in the future.

Operation and Management

We operate and manage our commercial properties through our commercial properties and characteristic town management companies, which are responsible for planning, project management, tender recruitment, tenant management, lease management, finance and marketing. We strive to provide tenants with quality services, so as to achieve our financial targets and to continue to enhance the operating results and market competitiveness of our commercial properties. Our commercial properties did not have any material defects or deficiencies during the Track Record Period, although some routine maintenances were made. None of our commercial properties encountered any temporary closures during the Track Record Period.

Tenant Selections

We maintain a quality tenant base. We select tenants to be included in our database based on their business activities and past business relationships with us. Our commercial properties and characteristic town management companies are responsible for the management of the database, including evaluating, rating the brands in the database, and adding and subtracting brands into or out of the database.

Lease Agreements

Our lease agreements with tenants usually include terms such as length of tenancy, rentals, deposits, payment arrangements, property management fees and liability for breach of contract. The tenancy term of a lease agreement ranging from one to 15 years, depending on the type of tenant. Tenants usually have the right to renew their leases after the expiration of the relevant lease term. If a tenant fails to perform its obligations, we are entitled to damages and can choose to terminate the lease agreement.

Depending on the tenants' relationships with us and the scale, reputation and nature of business of the tenants, we may use the following methods when determining the rental fees: (i) fixed rental fees during a preliminary period with predetermined periodic rental increases in the remaining lease term; and (ii) rental fees calculated based on a pre-determined percentage of the monthly retail revenue of a tenant. We do not expect any significant difficulties in renewing lease agreements with existing tenants or entering into new lease agreements with suitable tenants.

Marketing and Promotion

In order to maintain a high occupancy rate for our commercial properties, we have carried out various marketing and promotion activities to attract target tenants and consumers, such as holding theme events, conducting lottery draws and gift redemption activities.

HOTEL SERVICES

During the Track Record Period, we operated three hotels, namely, Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) located in Shaoxing, Zhejiang Province, Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) located in Xiantao, Hubei Province and Zhuji Shinsun Youqiju Hotel (諸暨祥生幽憩居酒店) located in Shaoxing, Zhejiang Province. During the Track Record Period, we generated hotel service revenue, which primarily represented hotel room fees and charges received from guests who stayed at our hotels. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our hotel service revenue amounted to RMB110.1 million, RMB111.9 million, RMB107.1 million, RMB38.8 million and RMB13.6 million, respectively.

Zhuji Shinsun Youqiju Hotel (諸暨祥生幽憩居酒店) was leased and operated by one of our wholly-owned subsidiaries, Zhuji Xiangsheng Youqiju Hotel Co., Ltd. (諸暨祥生幽憩居酒店有限公司). We disposed of Zhuji Xiangsheng Youqiju Hotel Co., Ltd. in January 2020 and do not expect to record hotel service revenue from this hotel after January 2020.

To focus our resources on property development, we further disposed of hotel services for Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) as part of the Reorganization which was completed in March and April 2020, respectively. However, we reclassified Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) and Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies — Hotel business” and “Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders’ Approval Requirement — 3. Hotel lease.”

PROPERTY MANAGEMENT SERVICES

During the Track Record Period, Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業管理有限公司) and Taizhou Xiangsheng Property Management Co., Ltd. (泰州祥生物業管理有限公司) provided property management services to four residential properties. These services primarily include security, cleaning, greening, repair and maintenance. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, revenue derived from our property management services was RMB3.5 million, RMB2.7 million, RMB3.8 million, RMB1.1 million and RMB1.2 million, respectively.

In January 2018, we disposed of Taizhou Xiangsheng Property Management Co., Ltd. In addition, to further focus our resources on property development, we disposed of Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. in March 2020 as part of the Reorganization. Accordingly, we do not expect to record any revenue from property management services after the disposal. See “History, Reorganization and Corporate Structure

— Reorganization — Disposal of PRC companies — Property management business” and “Continuing Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement — 1. Property Management Services.”

EFFECTS OF THE COVID-19 PANDEMIC

COVID-19 Pandemic

Toward the end of 2019, a highly infectious novel coronavirus was reported. The World Health Organization, or the WHO, later named it COVID-19. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. As of the date of this Prospectus, the COVID-19 pandemic has spread globally with death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including lockdowns and travel bans. With an aim to contain the COVID-19 pandemic, the PRC Government has also imposed strict nationwide measures since late January, including, lock-down measures across various cities in the PRC, extended shutdown of business operations, and mandatory quarantine requirements on infected individuals and anyone deemed potentially infected or were found to be in close contact with infected individuals.

As a result of the timely and effective implementation of these measures, on March 17, 2020, China reported no local infections for the first time since the outbreak of the COVID-19 pandemic and reached a milestone in its fight against the COVID-19 pandemic. The PRC authorities across the country have subsequently lowered emergency response levels to the COVID-19 pandemic since late March 2020, allowing businesses and factories to gradually reopen. In addition, China ended the lockdown of Wuhan, on April 8, 2020, after a 76-days lockdown. The easing of travel restrictions on Wuhan is the latest milestone in China’s fight against the COVID-19 pandemic. China reported few new local infections in recent weeks. However, the outbreak of the COVID-19 pandemic is still likely to have an adverse impact on the livelihood of people in China as well as on China’s economy.

The PRC Government and its local counterparts have also adopted various incentive policies to boost the economy, such as cutting taxes, increasing government investment and increasing the amount of the currency issued. The combination of fiscal and monetary incentives is expected to ease the negative impact of the COVID-19 pandemic on the national economy. According to the data released on April 17, 2020 by the National Bureau of Statistics, China’s first quarter GDP of 2020 contracted by 6.8% in 2020 compared with the first quarter of 2019. The real estate market in the PRC is generally under pressure in the short term since the COVID-19 pandemic has curbed demand and sales plans of property developers in China. However, the impact is likely to ease after the second quarter of 2020. According to the data released by the National Bureau of Statistics on August 14, 2020, the national real estate investment in the seven months ended July 31, 2020 was RMB7,532.5 billion, representing a year-over-year (y-o-y) increase of 3.4%, compared a y-o-y increase of 1.9% in the six months ended June 30, 2020. The GFA of residential properties under construction in the seven months ended July 31, 2020 amounted to 5,769.1 million sq.m., representing a 4.1% y-o-y increase;

during the same period, the GFA of residential property sold reached 738.4 million sq.m., representing a 5.0% y-o-y decrease, compared to a y-o-y decrease of 7.6% in the six months ended June 30, 2020. The total sales of residential properties was RMB7,268.6 billion in the seven months ended July 31, 2020, representing a y-o-y increase of 0.4%, compared to a y-o-y decrease of 2.8% in the six months ended June 30, 2020, indicating a gradual recovery in total sales of residential properties. Meanwhile, according to the “Sales Price Index of Residential Properties in 70 Large and Medium-sized Cities” published by the National Bureau of Statistics, the ASP of residential properties in most cities in July 2020 was slightly higher compared to July 2019.

The data in July 2020 shows that the PRC real estate market has begun to gradually recover. It is expected that the continued urbanization process, potential growths in residents’ disposable income as well as the robust housing demand are likely to lead to stabilization of the real estate market in the PRC in the medium to long term, according to JLL.

Affected by the COVID-19 pandemic, during the first quarter of 2020, most of the potential buyers could not go to the sales offices and construction sites for on-site consultations and visits. Even some developers have taken steps such as online visit and online sales, the sales amount of properties still dropped significantly. According to the report published by CREIS, since March 2020, as the COVID-19 pandemic gradually came under control and the resumption of work was further accelerated in China, the sales offices and construction sites started to reopen, leading to a rebound in the number of visitors and transactions. Consumers with rigid demand are still the main drivers of demand. For some other consumers, they still prefer holding real estate assets for capital appreciation.

According to JLL, the COVID-19 pandemic has severely affected the business of commercial property tenants in China. Some tenants are suffering from income reduction or facing bankruptcy, insolvency and other financial difficulties. In this case, the proprietor might experience delay in receiving rent payments, and may be requested to waive rent for a certain period and, both rent and occupancy rate were affected. Tenants have also adjusted their operating strategies to stay in business.

Effects of the COVID-19 Pandemic on Our Business Operations

Subsequent to our first project which partially resumed operations in mid-February 2020, all of our projects had fully resumed normal operations in late March 2020. As of the end of May 2020, all of our property projects located in and outside Hubei Province had resumed normal operations. As such, we do not expect that the COVID-19 pandemic to have a material adverse impact on our business and results of operations for the year ending December 31, 2020. Below is a detailed analysis of impact of the COVID-19 pandemic on our business operations.

Property Development and Sales

We typically slow down our property construction and sales activities around the Chinese New Year holiday, which coincided with the outbreak of the COVID-19 pandemic that began its spread in late January. The property construction and sales activities have been gradually resumed as the COVID-19 pandemic had been largely contained. As of the Latest Practicable Date, (i) all of our property projects located in and outside Hubei Province had resumed normal operations; (ii) our contractors continued to carry out their obligations under the relevant contracts pursuant to the contract terms; (iii) we did not experience any significant shortage of construction materials or labors that materially interrupted the construction or sales of our properties; and (iv) in the event we experience any delays in the completion of construction or the delivery of our projects, we would not be subject to penalties from government authorities or damages from property purchasers within a reasonable period affected by the COVID-19 pandemic if we notify the purchasers in a timely manner, pursuant to *force majeure* provisions under property purchase contracts between purchasers and us, as well as the relevant provincial or municipal guiding opinions related to the COVID-19 pandemic, according to our PRC Legal Advisors. As of the Latest Practicable Date, to our best knowledge, there had not been any termination of sales contracts by our customers outside the ordinary course of business due to the COVID-19 pandemic.

Property Projects Located in Hubei Province

Since the outbreak of the COVID-19 pandemic, Hubei Province had implemented various measures throughout the province to contain the spread of the COVID-19 pandemic, including the lockdown of its capital city, Wuhan.

As of July 31, 2020, we had 13 property projects in Hubei Province with an aggregate GFA attributable to us of 931,429 sq.m. Among which, nine completed projects, three projects under development and one held for future development. As of the end of May 2020, we had obtained approvals from relevant authorities with respect to resumption of construction for the three projects under development and all of these three projects had resumed normal operations. Save as disclosed below, we do not expect the COVID-19 pandemic to have any impact on the construction of our other projects in Hubei Province.

Though we expect to experience an approximately one- to three-month delay in property delivery of two projects under development, which are located in Hubei Province, as a result of the COVID-19 pandemic, we are allowed to extend the delivery date pursuant to the relevant government policies. As such, we do not expect that the COVID-19 pandemic to have a material adverse impact on our property projects in Hubei Province.

Property Projects Located Outside Hubei Province

As of the end of May 2020, all of our property projects located outside Hubei Province had resumed normal operations. We experienced certain delays in property construction and delivery process as we suspended the construction activities and closed construction sites in accordance with the relevant governmental requirements. As a result, we expect to experience

BUSINESS

certain delays in property delivery for projects outside Hubei Province as a result of the COVID-19 pandemic, comprising an approximately (i) two-month delay in property delivery for one project located in Zoucheng, Shandong Province; and (ii) one-month delay in property delivery for ten projects with three located in Anhui Province, four in Jiangsu Province and three in Zhejiang Province. We have sent notices to the relevant purchasers with respect to the extension of property delivery dates pursuant to the relevant local policies and had not received any complaints or claims. We also reduced our pre-sales and sales activities as we closed all sales offices and display units where local government authorities imposed lockdown measures.

As of the end of May 2020, on-site construction activities for all of our property projects outside Hubei Province had resumed and all sales offices and display units had re-opened. Other than the delays in property delivery set forth above in details, we do not expect any significant delays in property construction, pre-sale, and delivery. Our property sales are expected to pick up as we are taking various measures to ramp up our property sales, such as introducing client referral program, integrating online marketing and offline sales efforts. We expect our property sales to further re-bounce in the second half of 2020.

Taking into account that (i) the above-mentioned 13 projects accounted for approximately 6.3% of our property portfolio in terms of number of projects as of July 31, 2020, and the aggregate GFA involved in the delays in property delivery accounted for approximately 6.4% of our land bank as of July 31, 2020; and (ii) the expected delays in property delivery of the above-mentioned 13 projects were within reasonable periods considering the effect of the COVID-19 pandemic, according to the relevant provincial or municipal guiding opinions related to the COVID-19 pandemic, we would not be subject to penalties from government authorities or damages from property purchasers as long as we notify the purchasers in a timely manner, pursuant to force majeure provisions in the property sales or pre-sales contracts, we do not expect these delays in property delivery to be material, nor do we expect the COVID-19 pandemic to have a material adverse impact on our property development business for the year ending December 31, 2020. The following table sets forth a breakdown of our total number projects on hand by estimated completion date in 2020, 2021, 2022, 2023 and beyond, taking into account any potential delays of project development schedule due to the COVID-19 pandemic.

	As of December 31,			
	2020	2021	2022	2023 and beyond
Estimated number of projects				
to complete construction	57	32	31	38
– Projects by subsidiaries	52	24	24	36
– Projects by joint ventures and associates	5	8	7	2

BUSINESS

The following table sets forth certain estimated movements of the total land bank attributable to us that were under development and held for future development as of July 31, 2020 in the upcoming years. The estimates are based on our current estimates of the timing of obtaining the pre-sale permits and completion certificates for relevant projects, as the case may be, which are subject to our business plans and market conditions and may be subject to adjustment. Such estimated movements shall not be necessarily indicative of our future operational or financial performance.

	Planned GFA under Development		Estimated GFA of Future Development		
	GFA newly available for pre-sales	GFA newly completed held for sale/lease ⁽¹⁾	GFA newly under construction	GFA newly available for pre-sales	GFA newly completed held for sale/lease ⁽¹⁾
	<i>(in sq.m.)</i>				
For the year ending December 31, 2020	6,831,186	4,664,221	3,043,353	739,958	–
For the year ending December 31, 2021	1,856,227	4,249,402	1,752,977	2,216,093	24,727
For the year ending December 31, 2022	62,678	3,208,999	–	1,141,698	817,060
For the year ending December 31, 2023 and beyond	–	3,200,413	–	225,000	3,674,857
Total	8,750,091⁽²⁾	15,323,035⁽³⁾	4,796,330	4,322,749	4,516,644⁽⁴⁾

Notes:

- (1) The proportion of the saleable to non-saleable GFA upon completion in future periods is estimated by reference to the proportion of saleable to non-saleable GFA of total GFA under development as of July 31, 2020.
- (2) As of July 31, 2020, we had a total of 16,271,889 sq.m. of the planned GFA under development attributable to us, which consists of (i) 7,521,798 sq.m. (including 438,615 sq.m. non-saleable GFA) which had obtained pre-sale permits as of July 31, 2020, and (ii) 8,750,091 sq.m. (including 510,239 sq.m. non-saleable GFA) which we expect to be newly available for pre-sale in the year ending December 31, 2022.
- (3) The total non-saleable GFA newly completed is estimated to be 948,854 sq.m.
- (4) The total non-saleable GFA newly completed is estimated to be 279,686 sq.m.

Since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we did not experience any significant disruption to the services provided by our contractors or the supply of materials from our suppliers.

Other Businesses

Some of our commercial properties suspended operations pursuant to local governments' regulations and measures to combat the COVID-19 pandemic. We implemented rent exemption measures for some of our commercial properties during such operation suspension period. However, we do not expect the COVID-19 pandemic to have a material adverse impact on our property leasing business for the year ending December 31, 2020, because (i) the total amount of rent waived was only approximately RMB3.6 million, representing approximately two-month rent for certain properties; and (ii) our tenants have not been in material default on their rent payments.

We receive service fees for our management consulting services pursuant to the terms of the relevant contracts. We expect the outbreak of the COVID-19 pandemic to have a limited adverse impact on our management consulting services and will not materially and adversely affect this business line for the year ending December 31, 2020.

The information above is prepared on the basis of our internal records and our management's present expectation, which are subject to various risks, assumptions and uncertainties. There is no assurance that the actual impact will not deviate from our current estimates or expectations. See "Risk Factors — Risks Relating to the PRC — The macroeconomic conditions and real estate markets of the PRC have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic." In the event of material change in the expected impact of the COVID-19 pandemic on our business operations and prospects, to comply with the Listing Rules, we will make announcements as and when appropriate if our business might be materially or adversely affected.

We do not expect to have any foreseeable difficulties in fulfilling the covenants under our bank and other loan facilities. We have complied with the relevant regulations and measures implemented by the government and have incurred since February 2020 an aggregate cost of approximately RMB1.4 million in relation to the COVID-19 pandemic mainly to purchase pandemic prevention materials as of the Latest Practicable Date. None of our employees was quarantined due to the COVID-19 pandemic as of the Latest Practicable Date, and to our best knowledge, none of the staff of our contractors was quarantined due to the COVID-19 pandemic as of the same date.

Our Contingency Plan and Response towards the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our projects, including (i) strictly implementing local governments' requirements on orderly work resumption and purchasing sufficient protective materials for our employees in advance; (ii) actively communicating with our contractors to monitor and ensure the supplies of raw materials, equipment and labor resources in preparation for work resumption; (iii) rescheduling the construction and delivery for certain of our projects, recording specific circumstances that caused the delays, and actively communicating with local governments and our customers to earn their understandings; (iv) timely applying for local governments' supportive policies, including but not limited to relaxations of pre-sale restrictions, loan conditions, tax collection and cash supervision; and (v) reasonably assessing our risk exposures arising out of project suspension and delays under our contracts.

Effects of the COVID-19 Pandemic on Our Business Strategies

We plan to further solidify our market leading position in Zhejiang Province and the Pan-Yangtze River Delta Region. We also plan to strategically expand into other cities with high growth potential across China. Local governments of cities such as Hangzhou and Nanjing adopted measures to promote the stable and healthy development of the real estate market. According to JLL, despite certain short-term economic setbacks in China, the outbreak of COVID-19 pandemic is not expected to affect the long-term macroeconomic development plan and talent attraction plan of areas outside Hubei Province. In the medium and long term, the fundamentals of the real estate market in China will remain stable. The demand for residential and commercial properties in these areas will remain positive. We therefore believe that our business strategies as disclosed in "Business — Our Business Strategies" remain feasible, and we do not expect changes to the use of net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this Prospectus as a result of the COVID-19 pandemic.

PROPERTIES FOR SELF-USE AND LEASED PROPERTIES

As of the Latest Practicable Date, we had properties with a total GFA of approximately 3,960 sq.m. which we occupied for self-use as offices.

As of the Latest Practicable Date, we leased 19 properties with a total GFA of approximately 11,003 sq.m. which were mainly used as our offices. Our leases generally have a term ranging from one to five years, and we expect to renew the leases upon their expiry.

As of the Latest Practicable Date, we failed to register 11 lease agreements we entered into as tenant for certain properties with a total GFA of approximately 6,834 sq.m. 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 identification documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisors have advised that the lack of registration will not affect the validity of the lease agreements. However, if any third party

challenging our rights to use such properties, our Directors believe that we can find another premises in the vicinity as our registered offices in a timely manner and the relocation costs will be insignificant. However, relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time. If we fail to rectify within the specified time, we may face a fine of up to RMB10,000 for each unregistered lease agreement. See “Risk Factors — Risks Relating to Our Business — We may be subject to fines due to the lack of registration of our leases.” As of the Latest 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 that these unregistered lease agreements would not have a material operational or financial impact on us. Accordingly, no provision has been made in our financial statements. In order to ensure ongoing compliance with the PRC law and regulations relating to the registration of executed lease agreements, where we execute a lease agreement as a tenant, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future.

WORKING CAPITAL MANAGEMENT

Working Capital Management Policies

Because property development projects require significant initial capital outlay and have long development cycles and payback periods, we have put in place the following working capital management policies to closely monitor, analyze and control the cost and budget of each project and future plans to improve our working capital.

Overall Management

We manage our working capital under a centralized model and has adopted a two-tier management and organization structure to manage and oversee the use of its working capital. Under such structure, our finance and fund management center at the group level manages and oversees the finance department of each of its regional project companies. The finance departments at each of our regional project companies are responsible for the execution of working capital management policies formulated by the finance and fund management center and the formation and execution of working capital plan for their respective regional project companies. The finance departments at our regional project companies are required to submit monthly working capital management plans to the finance and fund management center at our headquarters. The finance and fund management center will review and adjust such plans by taking into consideration of various factors, including our overall business plan, project sales and pre-sale schedules and payment schedules in the relevant construction contracts, so as to ensure such plans are in line with the actual needs of our business.

Cost and Budget Management for Each Project

- We monitor our cash outflow associated with the development and construction schedules and land acquisition plans by optimizing the payment schedules for land acquisition costs and construction fees to match our collection schedule for pre-sale proceeds and property sales plan through negotiation and the establishment of cooperation arrangements with our business partners, and meanwhile, improve our cash inflow associated with property sales by strengthening marketing efforts and enhancing payment collection from our customers with respect to the property sales and pre-sales and further exploring to diversify external financing sources, including but not limited to bank and other borrowings, the issuance of asset-backed securities, senior notes or other debt offerings when needed, while at the same time, better monitor the maturity of the debts and tighten the financial control, so as to ensure our sufficient working capital. We have received and will continue to receive working capital from our operations and funds provided by external financing channels to support our business growth.
- 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. See “— Our Property Development Management — Site Selection and Land Acquisition” for more details.
- During the project design stage, we typically set forth costs and time requirements in our contracts with the design companies to ensure that such requirements are reflected in the construction blueprint.
- During our sale and marketing stage, we determine our per unit sales price with reference to prices of comparable properties in the market, our expected return and features of the respective project, such as location, design, and availability of transportation and ancillary facilities. The sales and marketing teams of our regional companies study local market information and formulate pre-marketing, sales and pricing plans and procedures for approval by the marketing and customer relationship center. See “— Our Property Development Management — Sales and Marketing” above for more details.

Through the implementation of the above-mentioned 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.

Future Plans to Improve Our 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 payment collection from our customers with respect to property sales and pre-sales.
- As a part of our cost and budget management, we will continue to plan and monitor our cash outflow by preparing development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities.
- We intend to minimize our working capital required for a project by optimizing the schedules of payments to construction contractors and suppliers to match the collection of our proceeds through negotiations and the establishment of strategic relationships. We typically settle our payment obligations to construction contractors by installment in accordance with the construction progress which is in line with industry practice.

Estimated Future Development Costs and Source of Funding

As of April 30, 2020, we had incurred aggregate development costs of approximately RMB116,655.0 million for our projects which were under development as of July 31, 2020. We estimate that we will incur additional development costs of approximately RMB52,915.0 million to complete the construction of our projects which were under development as of July 31, 2020. We finance these projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, and cash flows generated from diversified external financing channels, such as bank and other borrowings, ABS and senior notes, and plan to finance the completion of construction of our projects under development as of July 31, 2020 using similar funding sources in addition to the Listing proceeds.

SUPPLIERS AND CUSTOMERS

Suppliers

Our suppliers primarily include construction contractors and equipment suppliers. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from our five largest suppliers amounted to RMB5,026.8 million, RMB10,465.2 million, RMB11,286.0 million and RMB2,299.9 million, respectively, accounting for 43.9%, 47.3%, 57.5% and 53.3%, respectively, of our total purchases. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from our single largest supplier, Xiangsheng Construction (which is a connected person) amounted to RMB4,386.3 million, RMB9,610.1 million, RMB9,832.4 million and RMB1,770.7 million, respectively, accounting for 38.3%, 43.5%, 50.1% and 41.1%, respectively, of our total purchases. The length of business relationship of our five largest suppliers with us ranges from two to 25 years. Save for Xiangsheng Construction, Xiangsheng Landscape and Zhejiang Xianglei Zeyi Trade Co., Ltd. (浙江祥磊澤義貿易有限公

BUSINESS

司), which are our connected persons, all of our five largest suppliers during the Track Record Period were Independent Third Parties. In 2017, 2018 and 2019 and the four months ended April 30, 2020, purchases from Xiangsheng Construction, Xiangsheng Landscape and Zhejiang Xianglei Zeyi Trade Co., Ltd. (浙江祥磊澤義貿易有限公司) amounted to RMB4,386.3 million, RMB9,819.9 million, RMB10,531.8 million and RMB1,918.3 million, respectively, accounting for 38.3%, 44.4%, 53.7% and 44.5% of, respectively, our total purchases.

The following tables set forth certain information of our five largest suppliers during the Track Record Period:

Supplier	Business activities	Year of first cooperation	Total purchase amount	Percentage of our total purchases	Independent Third Party	Credit term
(RMB'000)						
<i>For the four months ended April 30, 2020</i>						
1. Xiangsheng Construction ⁽¹⁾	Provision of general construction works	1995	1,770,710	41.1%	No	Ranging from zero to 15 days, depending on construction progress
2. Supplier A	Provision of general construction works	2017	244,965	5.7%	Yes	Ranging from zero to 15 days, depending on construction progress
3. Supplier B	Provision of general construction works	2020	103,965	2.4%	Yes	Ranging from zero to 30 days, depending on construction progress
4. Supplier C	Provision of general construction works	2020	102,198	2.4%	Yes	Ranging from zero to 30 days, depending on construction progress
5. Zhejiang Xianglei Zeyi Trade Co., Ltd. ⁽²⁾	Provision of elevator	2018	78,013	1.8%	No	Ranging from zero to 15 days, depending on construction progress

BUSINESS

Supplier	Business activities	Year of first cooperation	Total purchase amount	Percentage of our total purchases	Independent Third Party	Credit term
(RMB'000)						

For the year ended December 31, 2019

1.	Xiangsheng Construction ⁽¹⁾	Provision of general construction works	1995	9,832,415	50.1%	No	Ranging from zero to 15 days, depending on construction progress
2.	Xiangsheng Landscape ⁽³⁾	Provision of landscape engineering services	2003	453,875	2.3%	No	Ranging from zero to 30 days, depending on construction progress
3.	Supplier A	Provision of general construction works	2017	432,572	2.2%	Yes	Ranging from zero to 15 days, depending on construction progress
4.	Supplier D	Provision of general construction works	2018	321,603	1.6%	Yes	Ranging from zero to 15 days, depending on construction progress
5.	Zhejiang Xianglei Zeyi Trade Co., Ltd. ⁽²⁾	Provision of elevator	2018	245,557	1.3%	No	Ranging from zero to 15 days, depending on construction progress

For the year ended December 31, 2018

1.	Xiangsheng Construction ⁽¹⁾	Provision of general construction works	1995	9,610,131	43.5%	No	Ranging from zero to 15 days, depending on construction progress
2.	Supplier E	Provision of general construction works	2015	291,682	1.3%	Yes	Ranging from zero to 15 days, depending on construction progress
3.	Xiangsheng Landscape ⁽³⁾	Provision of landscape engineering services	2003	209,800	0.9%	No	Ranging from zero to 30 days, depending on construction progress
4.	Supplier F	Provision of general construction works	2018	181,048	0.8%	Yes	Ranging from zero to 15 days, depending on construction progress

BUSINESS

Supplier	Business activities	Year of first cooperation	Total purchase amount	Percentage of our total purchases	Independent Third Party	Credit term
(RMB'000)						
5. Supplier G	Provision of construction works	2018	172,496	0.8%	Yes	N/A
<i>For the year ended December 31, 2017</i>						
1. Xiangsheng Construction ⁽¹⁾	Provision of general construction works	1995	4,386,254	38.3%	No	Ranging from zero to 15 days, depending on construction progress
2. Supplier E	Provision of general construction works	2015	242,345	2.1%	Yes	Ranging from zero to 15 days, depending on construction progress
3. Supplier H	Provision of general construction works	2017	168,520	1.5%	Yes	Ranging from zero to 15 days, depending on construction progress
4. Supplier I	Provision of general construction works	2017	115,948	1.0%	Yes	N/A
5. Supplier J	Provision of construction works	2017	113,712	1.0%	Yes	N/A

Notes:

- (1) Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is owned as to 99% by Mr. Chen, our Controlling Shareholder and executive Director, and 1% by Mr. Chen Hongni, Mr. Chen's son and our executive Director. Xiangsheng Construction is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing under the Listing Rules.
- (2) Zhejiang Xianglei Zeyi Trade Co., Ltd. is wholly-owned by Mr. Wang Hongzhen, the nephew of Mr. Chen. Zhejiang Xianglei Zeyi is therefore a deemed connected person of our Company upon Listing under the Listing Rules.
- (3) Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen. Xiangsheng Landscape is therefore an associate of Mr. Chen and thus a connected person of our Company upon Listing under the Listing Rules.

Despite the above-mentioned figures during the Track Record Period suggest supplier concentration, our Directors are of the view that the reliance between our suppliers and us is mutual and complementary, and our continuing business relationship would not impact our suitability for the Listing due to the fact that (i) our sound relationships with our major suppliers during the Track Record Period; (ii) we have an internal list of construction companies which meet our criteria and would be invited by us to tender for new projects in the event that our existing major suppliers default; and (iii) during the Track Record Period, we did not experience and we were not subject to any material construction delays, penalties, claims or losses as a result of unsatisfactory work performed by our major suppliers during the Track Record Period. As observed by JLL, some property developers engage service providers which are related to their controlling shareholders to provide construction, property management and other related services to their property development projects. Our Directors believe that such kind of engagement arises due to mutual reliance between the property developers and their controlling shareholders. Benefiting from long-term cooperation relationships with service providers which Mr. Chen, one of our Controlling Shareholders, and/or his associates are interested in (the “**Related Service Providers**”), including Xiangsheng Construction and Xiangsheng Landscape, our Group and the Related Service Providers have developed a mutual and in-depth understanding of each other’s business operations and shared a similar service philosophy. As we are not bound to engage the Related Service Providers, we maintain flexibility in supplier selection and there are alternative suppliers in the market which provide comparable services. We maintain an internal list of qualified service providers for construction, landscaping engineering and property management and other related services which can meet our various criteria including technical capabilities, credentials and quality of services after our internal assessment, which is reviewed and updated from time to time. Other than the Related Service Providers, we had engaged 27 construction service providers and 65 landscaping engineering service providers, which are independent of our Group, during the Track Record Period. While we endeavor to continue our long-term cooperation relationship with the Related Service Providers, our Directors recognize the importance of diversifying our supplier base and concentration on related parties with a view to ensuring our stable operation without disruption. Accordingly, we will continue to proactively identify and engage independent qualified service providers which can offer comparable services on comparable terms and foster relationships with other independent qualified service providers for our property development projects. In the unlikely event that the Related Service Providers terminate their provision of services to us, we will be able to engage other service providers as substitutes or replacements in a swift manner.

For a description of our continuing connected transactions with Xiangsheng Construction and Xiangsheng Landscape, see “Connected Transactions — C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements — 1. Construction Services,” and “Continuing Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders’ Approval Requirement — 4. Landscape Engineering Services.”

BUSINESS

To the best of the knowledge of our Directors, save as disclosed above, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

Our customers are primarily individual purchasers and corporate entities. In 2017, 2018 and 2019 and the four months ended April 30, 2020, revenue from our five largest customers amounted to RMB107.4 million, RMB74.8 million, RMB85.8 million and RMB51.9 million, respectively, accounting for 1.7%, 0.5%, 0.2% and 0.6%, respectively, of our total revenue. In 2017, 2018 and 2019 and the four months ended April 30, 2020, revenue from our single largest customer amounted to RMB22.5 million, RMB22.4 million, RMB30.1 million and RMB13.6 million, respectively, accounting for 0.4%, 0.2%, 0.1% and 0.2%, respectively, of our total revenue.

All of our five largest customers in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020 are Independent Third Parties, except for Ms. Chen Zhiping, who is a family member of Mr. Chen, one of our Controlling Shareholders, our executive Director and chairman of our Board. Ms. Chen Zhiping was also our single largest customer in the four months ended April 30, 2020. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

AWARDS AND RECOGNITIONS

We have received recognition from various industry associations and media. The following table sets out certain of the awards we received in respect of our property development operations.

Year	Award/Recognition	Project/Branch	Awarding Institution
2011-2020	“China’s Top 100 Real Estate Developers” (中國房地產百強企業)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Center for Real Estate of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院)
2012-2020	“China’s Top 500 Real Estate Developers” (中國房地產開發企業500強)	Our Group	China Real Estate Association (中國房地產業協會), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院), China Real Estate Appraisal Centre (中國房地產測評中心)

BUSINESS

Year	Award/Recognition	Project/Branch	Awarding Institution
2017-2020	“China Real Estate Developers with High Social Responsibility” (中國房地產年度社會責任感企業)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy
2018-2020	“China Top 100 Real Estate Developers — Top 10 developers in terms of Operating Efficiency” (中國房地產百強企業 — 運營效率TOP10)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy
2018-2020	“China Real Estate Top 500 — Best 10 of Performance of China Real Estate Developers” (中國房地產500強 — 中國房地產開發企業經營績效10強)	Our Group	China Real Estate Association, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre
2019-2020	“China Real Estate Top 500 — Best 30 of China Real Estate Developers” (中國房地產500強 — 中國房地產開發企業30強)	Our Group	China Real Estate Association, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre
2019-2020	“China’s Top 100 Real Estate Developers — Growth Potential Top 10” (中國房地產百強 — 成長性10強)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy
2019	“2019 Top 30 Brand of China Real Estate Companies” (2019年中國房地產品牌價值TOP30)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy
2019	“2019 Best 30 of China Real Estate Developers Brand Value” (2019年中國房地產開發企業品牌價值TOP30)	Our Group	China Real Estate Association, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre
2019	“2019 Public Welfare Innovation Enterprise” (2019年度公益創新企業)	Our Group	International Financial News of People’s Daily (人民日報國際金融報)
2019	“6th Zhejiang Charity Award — Institution Donation Award” (第六屆浙江慈善獎 — 機構捐贈獎)	Our Group	People’s Government of Zhejiang Province (浙江省人民政府)
2018	“China Real Estate Leading Enterprises in terms of Land Reserve Growth” (中國房地產土儲增速領先企業)	Our Group	China Index Academy, China Real Estate Index System (中房指數系統)
2018	“2017-2018 Leading Brands of China Real Estate Reserve Growth Companies” (2017-2018年中國房地產土儲增速領先企業)	Our Group	Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy
2018	“China Real Estate Top 500 — 2018 China’s Top 50 Real Estate Developers” (中國房地產500強 — 2018中國房地產開發企業50強)	Our Group	China Real Estate Association (中國房地產協會), Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre

BUSINESS

Year	Award/Recognition	Project/Branch	Awarding Institution
2018	“2018 China’s Top 10 Real Estate Land Reserve Capacity” (2018中國房地產土儲實力TOP10)	Our Group	China Index Academy, China Real Estate Index System
2017	“2017 China’s Top 500 Private Enterprises, 388th” (2017年中國民營企業500強第388位)	Our Group	All-China Federation of Industry and Commerce (中華全國工商業聯合會)
2017	“2017 China’s Top 10 Real Estate Land Reserve Capacity” (2017中國房地產土儲能力TOP10)	Our Group	China Index Academy, China Real Estate Index System

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operations. Our IT management department is responsible for developing and maintaining an IT system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

We are subject to 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. In addition, we conduct reviews of our IT system and perform the upgrades to prevent and address potential attacks. During the Track Record Period, we had not experienced any disruptions to our IT system that materially impacted our business operations.

COMPETITION

The PRC real estate industry is highly fragmented and competitive while the concentration ratio continues to increase. As a real estate developer in China, we primarily compete with other Chinese real estate developers focusing on the development of residential properties in the PRC, in particular, real estate developers in Zhejiang Province and the Pan-Yangtze River Delta Region, where we operate. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. In recent years, an increasing number of property developers have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. We believe major entry barriers into the PRC property development industry include a potential entrant’s limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has a large potential for growth. We believe that, with our solid experience in real estate development, our reputable brand name and our experienced management team, we are able to respond promptly and effectively to challenges in the PRC property market.

INTELLECTUAL PROPERTY

We believe our brand “Shinsun” (祥生) is well known and widely recognized in the cities and regions we have entered into. We have built up our brand primarily through consistent delivery of high-quality properties to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed during our operations. As of the Latest Practicable Date, we owned one patent, 16 trademarks and one domain name which were registered in the PRC and one trademark which was registered in Hong Kong. As of the same date, we were granted a license to use a trademark which was registered in the PRC. See “Connected Transactions — A. Continuing Connected Transaction Fully Exempt from the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements — 1. Trademark Licensing.” We rely to a significant extent on our brand name, Shinsun (祥生), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. As of the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

INSURANCE

We maintain or require general contractors to maintain constructional all-risks insurance policies for our property development operations. We maintain insurance policies, including social insurance, for our employees as required by applicable laws and regulations and as we consider appropriate for our business operations. Our Directors consider that our practice is in line with the industry norm. There is a risk that we may incur uninsured losses, damage or liabilities. See “Risk Factors — Risks Relating to Our Business — We may not have adequate insurance coverage to cover all risks related to our business.”

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS**Social and Health**

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics.

We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with relevant PRC laws and regulations.

Work Safety

Our safety production management guidelines contain policies and procedures regarding work safety and occupational health issues. We provide our employees with necessary safety training, and our construction sites are equipped with safety equipment including protective gloves, boots and hats. Our engineering management department is responsible for recording work accidents, reporting work accidents as well as maintaining health and work safety compliance records.

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 worker. 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 occupation injuries.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material safety accident or material claims for personal or property damages; nor did we pay compensation to employees in respect of claims for personal or property damages related to safety accident.

Environmental Matters

We are subject to a number of environmental and safety laws and regulations in the PRC, including the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). See “Regulatory Overview — Environmental Protection” for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction work, we are required to be examined by a third-party designated by the relevant governmental authorities and are subject to governmental authorities’ acceptance. Only property projects which have passed such examination and acceptance can be delivered.

Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any defect or non-compliance identified.

BUSINESS

In 2017, 2018 and 2019 and the four months ended April 30, 2020, we incurred RMB2.1 million, RMB11.7 million, RMB10.0 million and RMB2.6 million, respectively, as cost for compliance with applicable environmental rules and regulations. Our Directors expect that we will continue to incur such compliance costs with respect to applicable environmental rules and regulations at a similar level. As of the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the development of our property projects. During the Track Record Period, no material fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations, and we had obtained all material required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

EMPLOYEES

As of April 30, 2020, we had a total of 3,561 employees. Substantially all of our employees are located in the PRC. A breakdown of our employees by function as of April 30, 2020 is set forth below:

Function	Number of employees	Percentage of total employees
Senior Management	35	1.0%
Finance, Cash and Capital Management	353	9.9%
Administrative and Human Resources	225	6.3%
Investment and Development	101	2.8%
Construction Contract Management and Operation	999	28.1%
Product Design and Development	186	5.2%
Marketing and Customer Relationship	1,568	44.0%
Project Management	61	1.7%
Internal Control and Compliance.....	33	0.9%
Total	3,561	100.0%

We believe that the successful implementation of our growth and business strategies rests on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit employees from well-known universities in the PRC. As of April 30, 2020, approximately 58.1% of our employees had a bachelor's degree or above. We provide systematic, specialty-focused vocational training programs to our employees at different levels on a regular basis to meet different requirements and emphasize individual initiative and responsibility. The details of these programs are as follows:

- *Leading Figures Program* (領軍人物計劃). Our Leading Figures Program is designed to promote the overall competency of project managers and department heads in support of the implementation of our business strategies and targets.

- *Eagles Program* (三鷹計劃). Our Eagles Program consists of three training programs, each targeting a different level of engineering personnel. Our Eyas Program (雛鷹計劃) is designed to select and train junior- and mid-level engineering personnel, and prepare them for future promotions. Eagle Program (雄鷹計劃) is designed to improve the business capabilities and managerial skills of junior- to mid-level engineering personnel. Shinsun Eagle Program (祥鷹計劃) is designed to broaden the strategic vision and business acumen of our senior engineering personnel.
- *Chief Service Officer Program* (首席服務官計劃). Our Chief Service Officer Program is designed to improve the level of professionalism of key customer service personnel. The program includes training sessions, on-site simulations, tutoring, and team-building activities.
- *Double Hundred Program* (雙百計劃). Under our Double Hundred Program, we aim to build a team of 100 internal trainers and develop 100 internal training courses from 2019 to 2021. All internal trainers are selected from our Group's key employees. We believe the internal training courses will assist our employees in sharing their experience and succeeding in their managerial positions.
- *New Generation Program* (新生代計劃). Our New Generation Program is designed to provide training sessions to entry-level employees. Training formats include on-site practices, tutoring, centralized theme training and team-building activities that aim to help our management trainees further improve their technical skills and transition into managerial positions.
- *Entry-Level Employee Program* (新員工融入計劃). Our Entry-Level Employee Program offers introductory courses on general knowledge about our Group, our corporate culture and strategies, business procedures and job requirements to our new employees, which help them adapt to their new positions and give them guidance on their job performance.

We have incorporated mentorship, assessment, feedback and evaluation processes into our various training programs, which we believe will facilitate our employees to better learn and grow. We believe that our training programs, combined with on-the-job learning, facilitate advancement of our employees.

The remuneration package of our employees includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotions. As required by PRC regulations, we make contributions to mandatory housing funds and social insurance funds.

We have a labor union which represents the interests of our employees and works closely with our management on labor-related issues. As of the Latest Practicable Date, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may be subject to claims and legal actions arising in the ordinary course of our business. Our Directors have confirmed that, as of the Latest Practicable Date, there was no legal proceeding pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. As of the Latest Practicable Date, we were involved in certain litigations, details of which are set out below.

Litigation Relating to a Construction Contract Dispute

In December 2018, a PRC individual, or the Plaintiff, filed a claim with the People's Court of Yueyang Lou District Court (岳陽樓區人民法院), or the Yueyang Court, against our project company and a non-wholly owned subsidiary of our company, Yueyang Xiongcheng Real Estate Co., Ltd. (岳陽雄城置業有限公司), or Yueyang Xiongcheng, alleging that Yueyang Xiongcheng had breached the construction contract dated December 20, 2013, or the Construction Contract, entered into between the Plaintiff and Yueyang Xiongcheng, on the grounds that (i) the Plaintiff was unable to complete the construction works pursuant to the Construction Contract due to reasons related to Yueyang Xiongcheng; and (ii) Yueyang Xiongcheng failed to pay construction fees in full for construction works that had been completed. Accordingly, the Plaintiff requested Yueyang Xiongcheng to pay (i) the outstanding construction fees of RMB8.5 million, which was calculated based on the construction fees as estimated by the Plaintiff of approximately RMB47.0 million, less (a) construction fees of approximately RMB30.6 million that had already been settled by Yueyang Xiongcheng, (b) payment in the amount of approximately RMB4.5 million by Yueyang Xiongcheng on behalf of the Plaintiff to other creditors of the Plaintiff, as ordered by the Yueyang Court in a judicial procedure not related to this lawsuit, and (c) debt of the Plaintiff of approximately RMB3.4 million that was transferred to Yueyang Xiongcheng to offset construction fees payable by Yueyang Xiongcheng; (ii) liquidated damages of approximately RMB8.7 million, primarily including interest on late payment of construction fees and economic loss due to the suspension and delay of construction works; and (iii) litigation costs incurred in the lawsuit.

In April 2019, Yueyang Xiongcheng filed a counterclaim against the Plaintiff and requested the Plaintiff to pay back (i) the overpaid construction fees of approximately RMB1.4 million based on the internal payment record of Yueyang Xiongcheng; and (ii) the repair costs of approximately RMB2.2 million, which Yueyang Xiongcheng paid to other parties to fix the defects of the properties constructed by the Plaintiff.

The Yueyang Court engaged an expert to conduct judicial appraisal, which issued a judicial appraisal opinion concluding that the total construction fees of the relevant project was approximately RMB35.2 million. The latest hearing was held on May 11, 2020. As of the date of this Prospectus, this lawsuit remains pending.

Yueyang Xiongcheng has engaged a PRC counsel, or the Yueyang Litigation Counsel, to advise on the lawsuit. Based on the advice of the Yueyang Litigation Counsel, our Directors are of the view that, (i) the total construction fees of the relevant project shall be approximately RMB35.2 million, based on the judicial appraisal opinion obtained; (ii) as the Plaintiff admitted in its claim against Yueyang Xiongcheng that it had received a total of approximately RMB35.1 million from Yueyang Xiongcheng, Yueyang Xiongcheng may be requested by the Yueyang Court to pay approximately RMB0.1 million to the Plaintiff, the balance of unpaid total construction fees based on the judicial appraisal opinion; and (iii) it is unlikely the Yueyang Court will rule in favor of the other claims made by the Plaintiff due to insufficient legal basis and evidence. In light of the foregoing, our Directors believe that this lawsuit will not have a material adverse effect on our business, financial condition and results of operations.

Litigation Relating to Guaranties

On May 23, 2017, a PRC asset management company, or the Asset Management Company, filed two lawsuits with the People's Court of Zhuji (諸暨市人民法院) against Shinsun Plaza Trading, Xiangsheng Industrial and two PRC individuals (the "Individual Defendant," who are the ultimate shareholders of the Borrower, as defined below. The Individual Defendant, together with Shinsun Plaza Trading and Xiangsheng Industrial, the "Joint Defendants"), requested the Joint Defendants to perform their respective obligations under the Guaranties (as defined below) dated June 30, 2014 and the Individual Guaranty (as defined below) dated November 4, 2014, details of which are set forth below.

On June 30, 2014, each of Shinsun Plaza Trading, a wholly-owned subsidiary of our Group, and Xiangsheng Industrial, a company controlled by Mr. Chen, entered into a guaranty (collectively, the "Guaranties") with Industrial and Commercial Bank of China, Zhuji Branch, or the Bank. Under the Guaranties, Shinsun Plaza Trading and Xiangsheng Industrial, jointly and severally, agreed to guarantee debts of up to RMB50.0 million of an Independent Third Party, or the Borrower, under any loan agreements, acceptance bills and other financing agreements that the Borrower may enter into with the Bank between June 30, 2014 and June 30, 2016. In 2014, to enhance financing capabilities, Xiangsheng Industrial and the Borrower made an arrangement, or the Arrangement, to provide guarantees to each other's indebtedness. On the same date, Shinsun Plaza Trading entered into a contract with Xiangsheng Industrial in relation to the performance of the Guaranties, or the Performance Contract, pursuant to which Xiangsheng Industrial agreed to be solely responsible for all obligations arising under the Guaranties.

On November 4, 2014, the Individual Defendant entered into a guaranty or, the Individual Guaranty, with the Bank, pursuant to which, the Individual Defendant jointly and severally agreed to guarantee debts of up to RMB150.0 million of the Borrower under any loan agreements, acceptance bills and other financing agreements that the Borrower may enter into with the Bank between November 4, 2014 to November 4, 2017.

BUSINESS

In 2015, the Borrower entered into five loan agreements with the Bank, pursuant to which, it obtained loans in an aggregate principal amount of RMB77.6 million from the Bank. In March 2016, the Borrower entered into another loan agreement (together with those five loan agreements entered into in 2015, the “Loan Agreements”) with the Bank, pursuant to which, it obtained a loan of RMB30.0 million from the Bank. The total amount borrowed by the Borrower was RMB107.6 million. The term of each of the Loan Agreements was approximately one year. The purpose of entering into the Loan Agreements was to supplement the Borrower’s working capital. The Borrower filed to voluntarily wind up its business in April 2016 because it experienced hardship in business operations and it was unable to repay its outstanding indebtedness. The People’s Court of Zhuji accepted the Borrower’s filing to wind up its business in April 2016. In November 2016, the Bank transferred the debt owed by the Borrower to the Asset Management Company. The Asset Management Company then filed two lawsuits against the Joint Defendants, requesting (i) each of Shinsun Plaza Trading and Xiangsheng Industrial to perform their obligations under the Guaranties, namely, repay debts under the Loan Agreements of up to RMB50.0 million; and (ii) the Individual Defendant to perform their obligations under the Individual Guaranty, namely, repay debts under the Loan Agreements of up to RMB150.0 million. These two lawsuits were suspended subsequent to the Asset Management Company’s application for suspension because it initiated settlement with the Borrower, and were resumed on April 22, 2020 when the Asset Management Company filed for resumption because it failed to reach a settlement agreement with the Borrower. The latest hearing was held on May 27, 2020. As of the date of this Prospectus, this lawsuit remains pending.

Our PRC Legal Advisors are of the view that the Performance Contract is legal, valid and binding on both parties. Given that Shinsun Plaza Trading has entered into the Performance Contract with Xiangsheng Industrial, pursuant to which Xiangsheng Industrial shall be liable for any obligations arising from the Guaranties, our Directors are of the view that these two lawsuits will not have a material adverse effect on our business, financial condition and results of operations.

Litigation Relating to a Property Sales Contract

In January 2020, a PRC individual, or the Purchaser, filed a lawsuit with the People’s Court of Dingyuan County (定遠縣人民法院), or the Dingyuan Court, against our project company and a non-wholly owned subsidiary of our Company, Dingyuan Shinsun Hongjing Real Estate Development Co., Ltd. (定遠縣祥生弘景房地產開發有限公司), or Dingyuan Shinsun, requesting (i) to terminate the property sales contract dated November 22, 2018; (ii) Dingyuan Shinsun to pay approximately RMB3.1 million, consisting of (a) the purchase price of the property of approximately RMB1.1 million and interest accrued thereon; (b) RMB2.0 million, a sum equal to twice the amount of the deposit paid by the Plaintiff to Dingyuan Shinsun pursuant to the property sales contract; and (iii) litigation costs incurred in the lawsuit.

BUSINESS

The background of the relevant property sales is set forth below:

- On November 22, 2018, the Purchaser entered into a property sales contract with Dingyuan Shinsun, pursuant to which the Purchaser agreed to purchase seven units from Dingyuan Shinsun with an aggregate GFA of 1,000 sq.m. at a total purchase price of RMB7.0 million. Pursuant to the property sales contract, the Purchaser is entitled to resell the seven units to other third parties in order to gain a premium over the purchase price from the re-sale.
- On November 23, 2018, the Purchaser paid RMB1.0 million earnest money to Dingyuan Shinsun.
- On November 30, 2018, the Purchaser paid another RMB2.5 million to Dingyuan Shinsun, and the parties agreed that the RMB1.0 million earnest money paid by the Purchaser shall be deemed as deposit. The parties further agreed that the RMB3.5 million (sum of RMB2.5 million purchase price and RMB1.0 million deposit) shall be applied toward the purchase price for each unit proportionately, specifically, (a) approximately RMB1.4 million to two units, and (b) approximately RMB2.1 million to the other five units.
- On March 12, 2019 and May 3, 2019, the Purchaser re-sold two units to third parties who are not related to this lawsuit. Subsequently, such third parties fully settled the purchase price for these two units with Dingyuan Shinsun. Dingyuan Shinsun then returned that RMB1.4 million received for those two units to the Purchaser.
- On January 6, 2020, the Purchaser filed a lawsuit with the Dingyuan Court and made the requests listed above.

Dingyuan Shinsun engaged a PRC counsel, or the Dingyuan Litigation Counsel, to advise on the lawsuit. Based on the advice from the Dingyuan Litigation Counsel, our Directors are of the view that: (i) the property sales contract dated November 2018 is a valid and legally binding agreement between the Purchaser and Dingyuan Shinsun and the parties to the contract shall perform their respective obligation pursuant to the terms of the contract; (ii) with respect to the request to terminate the property sales contract, the Dingyuan Court may rule in favor of the Purchaser given the difficulties the parties may encounter in performing the contract; and (iii) if the contract is terminated, the Dingyuan Court may rule in favor of the Purchaser to support its claim for the return of the remaining purchase price of approximately RMB1.1 million and the RMB1.0 million deposit. However, it is unlikely that the Dingyuan Court will rule in favor of the Purchaser and support its claim for the payment of RMB2.0 million, a sum equal to twice the deposit. In light of the foregoing, our Directors believe that this lawsuit will not have a material adverse effect on our business, financial condition and results of operation.

On June 1, 2020, the Purchaser filed a motion for voluntary dismissal of this case which was granted on the same day. As a result, this litigation has been terminated.

Compliance with Laws and Regulations

During the Track Record Period and up to the Latest Practicable Date, save as otherwise disclosed in the Prospectus, 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.

Non-compliance Incidents

During the Track Record Period, we experienced certain non-compliance incidents. Summaries of such incidents are set forth below.

Construction Related Incidents

Background

- *Commencement of construction works prior to obtaining the construction work commencement permit.* During the Track Record Period and up to the Latest Practicable Date, 29 of our project companies commenced construction works before obtaining the requisite construction work commencement permits. As a result, an aggregate penalty amount of RMB21.1 million were imposed on these project companies;
- *Construction planning and execution related incidents.* During the Track Record Period and up to the Latest Practicable Date, 27 of our project companies experienced certain construction planning and execution related incidents. These incidents mainly include (i) commencing construction works before obtaining the requisite construction work planning permits; (ii) commencing construction works before the relevant construction drawings and/or plans were reviewed and approved by the relevant authorities; (iii) commencing temporary construction works before obtaining the requisite approvals from the relevant authorities; and (iv) executing construction works in manners that are inconsistent with the pre-approved construction drawings or plans. As a result, an aggregate penalty amount of RMB16.2 million were imposed on these project companies; and
- *Commencement of construction works prior to obtaining the construction quality supervision approval.* During the Track Record Period and up to the Latest Practicable Date, two of our project companies commenced construction works before obtaining the requisite construction quality supervision approvals, and as a result, an aggregate penalty amount of RMB0.4 million were imposed on these project companies.

Reasons for the Incidents

We believe such non-compliances occurred primarily because (i) the construction contractors commenced construction preparation or construction works according to the development schedule as agreed in the construction contracts without completing the relevant procedures, such as obtaining the relevant construction work planning and/or commencement permits; (ii) we failed to adequately train our local employees to understand the differences in implementing or interpreting the relevant laws and regulations among different local government authorities, which resulted in inconsistent standards in recognizing certain construction stages in practice and, inconsistent time requirements for completing the relevant administrative procedures, such as the application for the construction work commencement permits. Our employees relied on their past experience in other cities without checking the local policies and requirements; and (iii) we failed to adequately train our employees at the project company level to execute our internal control policies and to supervise the construction processes.

Legal Consequences and Impacts

The aggregate penalty amount for above-mentioned incidents amounted to approximately RMB37.7 million, which had been fully settled as of the Latest Practicable Date. All of the above-mentioned permits and/or procedures had been obtained and/or completed as of the Latest Practicable Date. We have received confirmation letters in relation to the above-mentioned incidents (except for two incidents related to commencement of construction works prior to obtaining the requisite permits involving Tongxiang Shinsun Real Estate Development Co., Ltd. (桐鄉祥生房地產開發有限公司), or Tongxiang Shinsun, from the relevant local regulatory authorities, which our PRC Legal Advisors have confirmed to be competent regulatory authorities, confirming that these non-compliance incidents were immaterial or that the non-compliance incidents had been rectified. In May 2018, Tongxiang Shinsun was imposed a penalty of approximately RMB2.3 million by Tongxiang General Administration and Law Enforcement Bureau (桐鄉市綜合行政執法局) for commencing construction works before obtaining the construction work planning permits, and was required to complete the procedures for construction work planning. In July 2018, Tongxiang Shinsun was imposed a penalty of approximately RMB2.2 million by Tongxiang Housing and Urban-Rural Planning and Construction Bureau (桐鄉市住房和城鄉規劃建設局) for commencing construction works prior to obtaining the construction work commencement permits and the requisite construction quality supervision approvals, and was required to rectify. Tongxiang Shinsun obtained the construction work planning permit in June 2018 and the construction work commencement permit in July 2018. As of the Latest Practicable Date, Tongxiang Shinsun had obtained all requisite licenses and permits related to its construction work based on the construction progress. The penalties imposed with respect to these two incidents amounted to approximately RMB4.6 million, which had been fully paid as of the Latest Practicable Date.

Taking into account (i) the confirmation letters received from the regulatory authorities, except for the incidents of Tongxiang Shinsun; and (ii) the fact that the relevant project companies have fully settled the penalties and/or rectified the non-compliances, including Tongxiang Shinsun, our PRC Legal Advisors are of the view that the risks that these companies will be subject to further administrative penalties (including orders to cease construction) for these non-compliance incidents are remote. In addition, the above-mentioned incidents did not raise safety and/or building structural deficiency or issues as we monitored the construction and applied consistent quality control measures according to our internal policies to ensure quality control during the period when the relevant permits and approvals had not been obtained. In addition, all above-mentioned projects had passed the requisite completion and acceptance inspections or other requisite permits or licenses according to the construction progress as of the Latest Practicable Date, further illustrating that the above-mentioned incidents did not raise safety and/or building structural deficiency or issues. Our Directors are of the view that such non-compliances would not have a material operational or financial impact on us.

Internal Control Measures to Ensure Ongoing Compliance

We have complied with and circulated internal procedure handbooks regarding obtaining the relevant permits prior to commencement of construction works. Project companies are required to comply with the relevant laws and regulations and obtain all requisite licenses, approvals, permits and certificates from the relevant government authorities.

To improve operational efficiency and ensure compliance, we have included in the internal procedure handbooks flow charts and checklists explaining the construction work permit and/or approval application processes and all requisite application documents. In addition, we require a compliance review for each stage of project construction, and project companies can only proceed to the next stage of construction upon completion of the compliance review. The relevant personnel are required to complete regular compliance training on policies and regulations on construction work permits and/or approvals and timely report to senior managers if any non-compliance issue has been identified. The responsible supervising managers are required to submit monthly reports to the headquarters on project progress, potential risks, quality and safety, and corrective measures taken for problems identified.

After reviewing the above-mentioned internal control measures, our Directors are of the view that these measures are adequate and will effectively ensure a proper internal control system to prevent similar construction related non-compliance incidents.

Inappropriate Advertising, Pricing and Marketing

Background

During the Track Record Period and up to the Latest Practicable Date, 21 of our project companies were imposed penalties by local government authorities for inappropriate advertising, pricing and marketing activities, including (i) publishing inappropriate and false advertisements with misleading information on pricing and properties; (ii) launching outdoor advertising campaigns before obtaining the requisite approvals; (iii) publishing advertisements before obtaining the relevant pre-sales permits; (iv) failing to comply with content and method requirements on disclosing selling prices; (v) using inappropriate contract provisions; and (vi) failing to provide or maintain the display units. The length of period of the inappropriate advertisements range from one week to 22 months. The relevant project companies were required to cease such inappropriate advertising, pricing and marketing activities, and pay an aggregate penalty amount of approximately RMB3.6 million.

Reasons for the Incidents

We believe the reasons and circumstances that led to such non-compliance incidents primarily include the following: (i) we placed advertisements using standardized marketing materials across different regions without fully understanding the differences in the implementation or interpretations of the relevant laws and regulations on advertising and marketing among these regions, resulting us in using inappropriate or inaccurate wordings or formats for our advertisements; (ii) we failed to adequately train and educate our marketing personnel to comply with our internal policies as well as the relevant laws and regulations regarding advertising, pricing and marketing activities, especially those newly recruited in cities where we had just entered into; and (iii) we failed to sufficiently and effectively go through internal approval procedures with regard to the preparation of advertising, pricing and marketing materials.

Legal Consequences and Impacts

As of the Latest Practicable Date, we had fully settled the penalties of RMB3.6 million, and adopted remedial measures as required by the relevant authorities.

Based on the confirmation letters issued by the relevant regulatory authorities (which our PRC Legal Advisors have confirmed to be competent regulatory authorities) and advice from our PRC Legal Advisors, (i) these non-compliance incidents are immaterial or that the non-compliance incidents had been rectified; and (ii) the sales that were effected would not be invalidated as a result of the inappropriate advertisements. Taking into account (i) the confirmation letters received from the relevant regulatory authorities; and (ii) the fact that our subsidiaries at issue have fully settled the penalties and rectified the non-compliance incidents, our PRC Legal Advisors are of the view that the risks of further administrative penalties for

these non-compliance incidents are remote. Our Directors are of the view that such non-compliance incidents would not have a material operational or financial impact on us. See “Regulatory Overview — Marketing and Promotion of Real Estate Projects.”

Internal Control Measures to Ensure Ongoing Compliance

We have established a regular monitoring process to ensure ongoing compliance. Our sales and marketing personnel will conduct periodical checks on whether all project companies have disclosed proper information in advertising, pricing and marketing materials, and to ensure that actual advertisement contents are identical to the information that is internally reviewed and approved. The responsible sales and marketing personnel will be required to sign a checklist and attach photos as evidence of checking. We have provided and will continue to provide training to the responsible personnel on the rules and regulations of advertising, pricing and marketing.

After reviewing the above internal control measures, our Directors are of the view that the above measures are adequate and will effectively ensure a proper internal control system to prevent similar non-compliance incidents.

Social Insurance and Housing Provident Fund Incidents

Background

During the Track Record Period, certain of our subsidiaries failed to make adequate social insurance and housing provident fund contributions for some of their employees according to the relevant PRC laws and regulations. We estimate that the total outstanding amount of social insurance and housing provident fund contributions during the Track Record Period that may be required by the relevant authorities to repay is approximately RMB15.1 million.

Reasons for the Incidents

Such non-compliance incidents occurred primarily because (i) the lack of understanding by the responsible personnel of the requirements under the relevant PRC laws and regulations; and (ii) there were differences in implementation or interpretations of the relevant PRC laws and regulations by local government authorities.

Legal Consequences and Impacts

According to the relevant PRC laws and regulations, we may be ordered to pay the social insurance and housing provident fund contributions in arrears and be subject to an overdue penalty on delinquent payment of social insurance contributions calculated at a daily rate of from 0.05% onwards. As of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay shortfalls with respect to social insurance and housing provident funds. During the Track Record Period and up to the Latest Practicable

BUSINESS

Date, we had not been subject to any administrative penalties, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident funds.

Our PRC Legal Advisors are of the view that the likelihood that we would be subject to material administrative penalties by relevant authorities is low. We have made provisions of RMB7.9 million and RMB7.2 million for the social insurance and housing provident fund contribution shortfall in 2017 and 2018, respectively. As such, our Directors consider that this non-compliance incident would not have a material operational or financial impact on us.

Internal Control Measures to Ensure Ongoing Compliance

We have arranged payment of social insurance and housing provident funds for our employees in accordance with the relevant PRC laws and regulations since May 2018 to the extent practicable.

We have implemented a policy on managing social insurance and housing provident fund contribution for employees, providing specific guidance to human resource personnel on the handling of social insurance and housing provident funds contributions during employee turnover. Our internal policy requires all project companies to make full contribution to social insurance and housing provident funds for all their employees. The policy also requires an annual check on region-level companies in relation to the compliance with the relevant laws and regulations. We also have provided trainings on social insurance and housing provident fund contributions to all human resource personnel.

After reviewing the above internal control measures, our Directors are of the view that the above measures are adequate and will effectively ensure a proper internal control system to prevent future similar non-compliance incidents.

Tax Related Incidents

Background

During the Track Record Period and up to the Latest Practicable Date, six of our project companies failed to timely file tax returns, and/or failed to timely pay taxes in full. The aggregate underpaid tax amounted to approximately RMB0.5 million. The aggregate penalties for tax non-compliances amounted to RMB0.4 million.

Reasons for the Incidents

Such non-compliances occurred primarily because (i) the lack of understanding by the managers of the finance and fund management department of these project companies of the requirements under the relevant PRC laws and regulations; and (ii) there were differences in

implementation or interpretations of the relevant PRC laws and regulations by local government authorities and lack of understanding by the managers of the finance and fund management department of these project companies of the relevant PRC laws and regulations.

Legal Consequences and Impacts

We had filed all tax returns and fully paid such underpaid tax and penalties as of the Latest Practicable Date. Based on the confirmation letters obtained from the relevant local government authorities, which our PRC Legal Advisors have confirmed to be competent regulatory authorities, confirming that we have completed the rectification and that we have no material tax related non-compliance record, our PRC Legal Advisors are of the view that such non-compliances are immaterial.

Internal Control Measures to Ensure Ongoing Compliance

We have adopted internal control measures which require all tax documents to be uploaded to our office automation system for our accounting, audit and compliance departments at project-, region- and group-level to review and approve before filing tax returns with the relevant authorities. We also conducted training on tax rules and regulations, requesting accounting personnel from project companies, regional companies and headquarters to participate in the training.

Pre-sale Proceeds Incidents

Applicable Laws and Regulations in Relation to Pre-Sale Proceeds Management at National and Local Levels

The legal regime in relation to the pre-sale proceeds management in the PRC is twofold, including (i) the applicable laws and regulations at the national level which set out the general principles and requirements; and (ii) the applicable regulations at provincial, municipal and other local levels which set out more detailed requirements.

Applicable Laws and Regulations at National Level

Pursuant to the Measures for Administration of Pre-sale of Urban Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004, or the Pre-sale Measures, and the Urban Real Estate Law (《城市房地產管理法》), or the Urban Real Estate Law, the pre-sale proceeds of commodity properties may be used to fund the property development costs of the relevant projects with the approval of the relevant supervising authorities or banks. In addition, the Notice on Relevant Issues Concerning the Strengthening of Supervision and Improvement of the Pre-sales System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), or the Pre-sale Notice, promulgated by the MOHURD on April 13, 2010, provides that proceeds from pre-sales of commodity properties shall be fully deposited into a bank account supervised by the competent regulatory authorities to ensure that

the proceeds would be used to fund the development of property projects. In addition, under the Pre-sale Measures and the Pre-sale Notice, provincial, municipal and other local governments are delegated and granted the authority to formulate, and supervise the implementation of detailed requirements for the management of pre-sale proceeds.

According to the Pre-sales Measures, the competent regulatory authority may impose a fine that equals three times of illegal gains but less than RMB30,000 per project if a property developer has non-compliances in relation to pre-sale proceeds. The maximum penalty of RMB30,000 refers to the maximum penalty *a project* may be subject to, regardless whether the project is involved in one or more types of non-compliances in relation to pre-sale proceeds. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties.” Accordingly, as advised by our PRC Legal Advisors, the aggregate amount of potential maximum penalty with respect to the Pre-sale Proceeds Incidents would be approximately RMB1.8 million if the relevant government authorities impose the maximum fines for each of the property projects involved in the Pre-sale Proceeds Incidents (excluding projects that had completed construction as of July 31, 2020).

Relationship between Applicable Laws and Regulations at National and Local Level

At the national level, the Urban Real Estate Law, the Pre-sales Measures and the Pre-sale Notice set out the general principal for the use of pre-sale proceeds. Pursuant to the Urban Real Estate Law and the Pre-sales Measures, the proceeds from the pre-sales of commercial properties shall be used for the development and construction of the corresponding projects. In addition, pursuant to the Pre-sale notice, pre-sale proceeds shall be ensured to be used in the construction of commercial residential projects and be applied to the relevant projects based on the construction schedule with consideration of sufficient funds to the completion and delivery of such projects. Such national level laws and regulations have not set detailed standards and scope for determining whether a specific use of pre-sale proceeds is for the development and construction of the relevant projects and defer to local real estate administrative authorities to specify relevant standards for the local markets. Therefore, with respect to the use of pre-sale proceeds, a project company shall primarily follow the implementation rules promulgated by the local real estate administrative authorities at the provincial or city level. In particular, pursuant to the Pre-sale Measures, the MOHURD delegates the authority of formulating detailed regulatory requirements and implementation measures with respect to the supervision of pre-sale proceeds to the relevant governmental authorities at local levels. As such, though the applicable local regulations are generally formulated in line with the national-level principles and framework, such local regulations may vary slightly among different administrative areas.

Further, as advised by our PRC Legal Advisors, based on the results of consultation with the MOHURD, as the national-level laws and regulations only set forth the general principles and regulatory framework, the relevant governmental authorities at local levels have been delegated with the authority to interpret such general principles and formulate detailed

regulatory requirements with respect to the supervision of pre-sale proceeds. Accordingly, interpretations made by local governmental authorities are unlikely to be challenged by national governmental authorities.

Based on consultations with relevant provincial real estate administrative authorities where the projects involved in the Pre-sale Proceeds Incidents were located, the provincial real estate administrative authorities are mainly responsible for the guidance and supervision of pre-sale proceeds within the province, and generally would not challenge the confirmations issued by municipal or county level authorities. Our PRC Legal Advisors are of the view that the municipal or county level real estate authorities are the competent governmental authorities to regulate the pre-sale proceeds.

Applicable Regulations at Local Levels

The provincial governments typically formulate provisional measures with respect to the supervision of pre-sale proceeds. The municipal and county level authorities within such province, pursuant to provincial measures, usually formulate their respective detailed implementation measures, which may slightly vary in terms of implementation procedures, but have common requirements with respect to the supervision of pre-sale proceeds. For example, implementation measures formulated by municipal and local governments in Zhejiang Province typically set forth common requirements as follows:

- (i) all pre-sale proceeds shall be deposited in full into the designated escrow accounts. Such pre-sale proceeds can generally be classified into two categories: key escrow funds and general escrow funds. Key escrow funds refer to pre-sale proceeds that are deposited into and maintained in accordance with the applicable regulatory thresholds at the designated escrow accounts. The balance requirements mentioned in the Pre-sale Proceeds Incidents below only applies to key escrow accounts. The initial amount of key escrow funds is determined with reference to the budgeted construction costs of relevant projects to ensure that a project company has sufficient key escrow funds to mainly settle its construction payments and relevant expenses under the construction and/or supply contracts in order to substantially complete its property projects. For example, for projects in Haining and Ningbo, the amount of key escrow funds equals to 130% of the budgeted construction costs. Among the key escrow funds, an amount equals to 20% of the budgeted construction costs can be used to (a) pay preliminary engineering costs, management fees, sales related expenses, finance costs, unexpected expenses, tax expenses; (b) repay project development loans; and (c) other expenses related to the project. General escrow funds refer to surplus proceeds that exceed the amount of key escrow funds.
- (ii) a project company can apply for withdrawal of a portion of key escrow funds during the construction stage of a project for purposes permitted under the applicable regulatory requirements. The amount of key escrow funds that can be withdrawn is based on the construction progress of the corresponding project and is subject to the application limit of key escrow funds stipulated in the applicable regulatory

requirements. A project company is required to maintain the required balance of key escrow funds in the designated escrow accounts pursuant to the applicable regulatory requirements, and may use or transfer the excess amounts to its general corporate accounts, after completing the necessary approval procedures for such withdrawals in accordance with the applicable regulatory requirements. Such excess amounts are not explicitly required or mandated by the applicable regulations and rules to be used only for the construction activities related payment for the relevant property project, if the construction of the relevant property projects are not adversely affected only due to the transfer of excess amount.

- (iii) general escrow funds can be transferred to the general corporate account of a project company, either after completing the necessary application procedures in accordance with applicable regulatory requirements, or freely if no such application requirements by applicable government authorities. General escrow funds are permitted to be used for activities in accordance with applicable regulatory requirements, such as repayment of borrowings, return of prior funding support from shareholders, and payments for other operational needs during ordinary course of business, such as general working capital and taxes payments, or to be transferred to the general corporate account of a project company and freely used if there are no such requirements by applicable governmental authorities.

During the Track Record Period, we had the following incidents related to pre-sale proceeds, or the Pre-sale Proceeds Incidents.

Deposits of Pre-sale Proceeds into the Designated Escrow Accounts

In 2017, 2018 and 2019 and the four months ended April 30, 2020, 47, 75, 87 and 92 of our subsidiaries, respectively, did not directly and/or fully deposit pre-sale proceeds into the designated escrow accounts in accordance with the relevant regulatory requirements with respect to 52, 79, 92 and 96 projects, respectively. Among these projects, during the same periods, 15, 24, 34 and 17 projects were involved in the situation where we did not directly deposit pre-sale proceeds into the designated escrow accounts, respectively, and 49, 76, 90 and 81 projects were involved in the situation where we did not fully deposit pre-sale proceeds into the designated escrow accounts, respectively. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the aggregate amount of pre-sale proceeds we received and were required to deposit into designated escrow accounts was approximately RMB28,762.9 million, RMB45,391.6 million, RMB38,125.9 million and RMB10,425.0 million, respectively. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of pre-sale proceeds that we deposited into designated escrow accounts was approximately RMB20,251.6 million, RMB31,717.8 million, RMB27,780.8 million and RMB7,639.6 million, respectively, accounting for approximately 70.4%, 69.9%, 72.9% and 73.3%, respectively, of the pre-sale proceeds that were required to be deposited into designated escrow accounts in the same periods. During the same periods, the amount of pre-sale proceeds that were not directly deposited into the designated escrow accounts was RMB2,073.5 million, RMB3,768.8 million,

BUSINESS

RMB2,789.5 million and RMB722.2 million, respectively, and the amount that were not fully deposited into the designated escrow accounts was RMB6,437.8 million, RMB9,910.0 million, RMB7,555.7 million and RMB2,063.2 million, respectively.

Such incidents occurred primarily due to the following reasons:

- certain mortgage banks did not directly deposit mortgage loans into our designated escrow accounts opened with other banks for the relevant pre-sold properties due to the internal policies or preferences for commercial reasons of such mortgage banks and deposited such mortgage loans into our general banking accounts with such mortgage banks. Our industry consultant JLL observed that in some cities where our projects are located, some mortgage banks may choose to deposit mortgage loan proceeds into bank accounts maintained with themselves, rather than to the designated escrow accounts maintained with other banks. To our best knowledge, such mortgage banks generally applied their internal guidance to other enterprises, including other property developers, which maintained general corporate accounts. We therefore believe such practice is common among mortgage banks in China. We typically receive pre-sale proceeds directly paid by the property purchasers in the form of down payments, as well as proceeds from mortgage banks in the form of loan proceeds paid on behalf of property purchasers. We typically work with a number of mortgage banks with respect to the pre-sales of a property project because pursuant to their internal control policies, mortgage banks typically set a cap on the amount of mortgage loans which such bank may provide during a given period. Upon receipt of loan proceeds in their general bank accounts, certain subsidiaries transferred such funds back into the designated escrow accounts opened with other banks, and certain subsidiaries did not make the subsequent transfer from our general banking accounts to our designated escrow accounts.
- during the Track Record Period, as some local governments limited the number of pre-sale contracts registerable with the relevant authorities, we did not deposit the pre-sale proceeds to the designated escrow accounts before the pre-sale contracts had been approved to be registered, as a result of which relevant pre-sale proceeds had to be deposited into our general banking accounts before being transferred to designated escrow accounts after registration of relevant pre-sale contracts. The limit on the number of pre-sale contracts registrable is typically adopted by certain local governmental authorities during a given period of time in order to promote the healthy development of the local real estate markets in practice, and as advised by our PRC Legal Advisors, there is no specific and explicit requirement in relation to the limit on the number of pre-sale contracts that may be registered with the relevant authorities by real estate developers under PRC laws and regulations. As advised by our PRC Legal Advisors, registration of such pre-sales contracts is not a condition to the validity and legality of pre-sales contracts, which become effective between us and property purchasers upon signing, and we have the right to receive pre-sale proceeds in accordance with the payment terms included in the contracts. Our entering into pre-sale contracts exceeding the limit on contract registration does not

contravene with the Measures for Administration of Pre-sales of Urban Commodity Properties (《城市商品房預售管理辦法》) and the relevant laws and regulations governing the pre-sale permit and pre-sale contracts.

In response to the above-mentioned practical difficulties, we have made the following efforts.

- *Mortgage bank preferences.* We have been exploring a number of options, including (i) requesting the relevant subsidiaries to manually transfer the loan proceeds from the general corporate bank accounts maintained at the mortgage banks to the designated escrow accounts regularly within five working days after deposits of such loan proceeds by mortgage banks; (ii) proactively communicating with the relevant mortgage banks, and in the meantime, proactively exploring alternative banks; and (iii) requesting each of our subsidiaries to implement the following measures, and each regional finance manager to review and monitor such implementations, when engaging new mortgage banks going forward to the extent feasible: (x) before engaging new mortgage banks, consider whether a mortgage bank can accommodate such requests and generally sets for the deposit of mortgage loans into our designated escrow accounts as a condition in the negotiation with the relevant banks before engaging; and (y) clearly specify in the relevant agreements that the mortgage banks shall timely and directly deposit the loan proceeds into the designated escrow accounts.
- *Local governments' limit on the number of pre-sale contracts registerable during a given period.* We (i) have been proactively communicating with the relevant local governments and will make sure that the relevant subsidiaries transfer the pre-sale proceeds involved to the designated escrow accounts once the corresponding pre-sale contracts become registerable; (ii) have designated specific corporate accounts at the project company level for temporary receipt of pre-sale proceeds before the same can be deposited into designated escrow accounts due to the registration limitation, so as to prevent co-mingling of pre-sale proceeds with other funds we received; and (iii) request the relevant subsidiaries to manually transfer the funds from the above-mentioned designated corporate accounts to the designated escrow accounts within five working days after the relevant pre-sale contracts have been approved to be registered and their matching online registration numbers become available.

In 2017, 2018 and 2019 and the four months ended April 30, 2020, pre-sale proceeds that were not directly and/or fully deposited into the designated escrow accounts amounted to approximately RMB8,511.3 million, RMB13,673.8 million, RMB10,345.2 million and RMB2,785.4 million, respectively, of which approximately RMB2,073.5 million, RM3,768.8 million, RMB2,789.5 million and RMB722.2 million, respectively, was deposited into the general corporate accounts and subsequently transferred to the designated escrow accounts as of December 31, 2017, 2018 and 2019 and April 30, 2020, accounting for 24.4%, 27.6%, 27.0% and 25.9%, respectively, of the amounts that were not directly and/or fully deposited into the

BUSINESS

designated escrow accounts during the relevant periods. We did not directly and/or fully deposit the relevant amounts of pre-sale proceeds into the designated escrow accounts due to the lack of understanding by the head of finance department of the relevant subsidiaries of the requirements under the relevant PRC laws and regulations.

The relevant subsidiaries did not subsequently deposit full amounts involved into the relevant designated escrow accounts, primarily for the following reasons: (i) during the relevant periods, certain property projects or certain portions of the relevant projects were completed and delivered. As a result, restrictions on pre-sales proceeds generated from these properties, including the requirement to deposit relevant pre-sale proceeds into designated escrow accounts, were released, and it is no longer necessary to deposit relevant pre-sale proceeds; (ii) sufficient balance has been maintained above the required threshold in the relevant designated escrow accounts; and (iii) construction progress with respect to the relevant pre-sold properties had already fulfilled conditions for withdrawals from the designated escrow accounts when the relevant subsidiaries received such pre-sale proceeds.

The subsidiaries that were involved in this Pre-sale Proceeds Incident kept the portion of the pre-sale proceeds that should have but were not deposited into the designated escrow accounts during the Track Record Period in the general bank accounts of the subsidiaries, and primarily used for the development of the relevant projects, such as the settlement of project-related costs and expenses on construction contracting, management, selling, repayment of project financing, and payment of taxes. Our Directors confirm that all key escrow funds in the designated escrow accounts were only used for the specific property project undertaken by the relevant project company during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, all key escrow funds in designated escrow accounts were applied to development of the corresponding property projects in compliance with the applicable laws and regulations. Though the use of general escrow funds is not strictly restricted, our general escrow funds were also primarily used to fund costs and expenses of the respective projects, including repayment of borrowings, payments for construction of basic and ancillary facilities, tax payments, funding of other operational needs, general working capital and return of prior funding support from shareholders.

During the Track Record Period, and to the best knowledge of our Directors, up to the Latest Practicable Date, certain of our non-wholly owned subsidiaries made temporary advances to the non-controlling shareholders of our non-wholly owned subsidiaries, which represented the advance of cash surplus proportionally based on the shareholding interests pursuant to the joint development agreements entered into between us and the non-controlling shareholders. When a surplus of funds became available in such project companies, pursuant to the joint development agreement entered into among the Company and the non-controlling shareholders, funds can be temporarily advanced to these non-controlling shareholders and the Group, on a pro-rata basis from time to time. The relevant non-wholly owned subsidiaries typically made such advances using pre-sale proceeds where (i) the relevant pre-sales proceeds had been utilized within the permitted limit and scope; (ii) required threshold of pre-sale

proceeds was sufficiently maintained in the designated escrow account; and (iii) such pre-sale proceeds were general escrow funds with no use restrictions. We require approvals from both the regional company and at the group level, considering the relevant PRC Laws and regulations governing pre-sale proceeds, cooperation history and historical repayment record of the relevant non-controlling shareholders, and construction progress of related projects, among other factors prior to making such advances. Our Directors confirm that during the Track Record Period, we had complied with the above-mentioned laws and regulations as well as internal requirements prior to making advances to the non-controlling shareholders of our non-wholly owned subsidiaries. In addition, in the event that there is any additional working capital needs arising from the jointly-developed projects, pursuant to the relevant cooperation agreements, the non-controlling shareholders agree to repay such amounts after receiving requests for capital needs from the relevant subsidiaries. As a result, we had not experienced any material adverse change on property development schedule and operations of our project companies caused by the cash advances to non-controlling shareholders from pre-sale proceeds during the Track Record Period, and to the best knowledge of our Directors, up to the Latest Practicable Date.

Based on the above, regarding the advances by us to the non-controlling shareholders of our non-wholly owned subsidiaries, during the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, all such advances were in compliance with the relevant PRC laws and regulations including those governing the use of pre-sale proceeds, except that it may not be in compliance with the General Lending Provisions (《貸款通則》). However, as the related advances were interest-free, the possibility that the PBOC would impose a fine or penalties with respect to the advances pursuant to the General Lending Provisions is low. See “Financial Information—Related Party Transactions.”

Balance Requirements of the Designated Escrow Accounts

As of December 31, 2017, 2018 and 2019 and April 30, 2020, 29, 42, 22 and 17 subsidiaries, respectively, did not maintain sufficient cash balances in the designated escrow accounts above the required regulatory thresholds in compliance with the applicable regulations and policies with respect to 30, 42, 24 and 18 projects, respectively, resulting in a shortfall of approximately RMB1,724.8 million, RMB1,904.4 million, RMB579.0 million and RMB412.4 million, respectively, as of the same dates, which accounted for approximately 45.6%, 38.3%, 19.3% and 14.6%, respectively, of the cash balance required in the designated escrow accounts. Such incidents occurred primarily due to the following reasons: (i) there is a difference between the amount required to be deposited into the designated escrow account and the actual amount deposited into the escrow accounts; and (ii) the lack of understanding by the head of finance department of the relevant subsidiaries of the requirements under the relevant PRC laws and regulations.

During the Track Record Period, we only withdrew the amount of pre-sale proceeds pursuant to the relevant procedures as required under the applicable requirements. In 2017, 2018, 2019 and the four months ended April 30, 2020, the amount of pre-sale proceeds that were permitted to be withdrawn from designated escrow accounts was RMB19,661.4 million,

RMB32,534.0 million, RMB29,572.4 million and RMB8,145.1 million, respectively. During the same periods, the actual amount used from designated escrow accounts was RMB17,658.3 million, RMB29,738.0 million, RMB27,823.4 million and RMB7,314.4 million, respectively. In addition, there are no specific timing requirements for withdrawing pre-sale proceeds from the designated escrow accounts. We are typically permitted to withdraw pre-sale proceeds from the designated escrow accounts based on the construction progress of the relevant property projects. When the construction progress meets the conditions for withdrawal, our subsidiaries prepare the relevant application materials, which are reviewed and monitored by our regional companies and the group level.

Impacts of Pre-sale Proceeds Incidents

Our Directors are of the view that the Pre-sale Proceeds Incidents would not have a material impact on us and the risk of us being penalized by the relevant government authorities relating to the Pre-sale Proceeds Incidents is low for the following reasons:

- the main purpose of governmental supervision for the pre-sale proceeds of commodity properties is to ensure the construction, completion and delivery of the corresponding projects. As there was no material delay in completion of or failure to deliver properties pre-sold during the Track Record Period, the Pre-sale Proceeds Incidents did not have any material impact on our business operation and financial performance;
- during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalty imposed by competent administrative authorities in relation to the deposit and use of pre-sale proceeds;
- with respect to our property projects that were under construction and/or started pre-sales as of April 30, 2020, we had obtained confirmations from, or conducted interviews with, the competent local governmental authorities, which confirmed that the Pre-sale Proceeds Incidents were immaterial non-compliance incidents and we would not be penalized for violating the relevant pre-sale regulations in this respect. In addition, we have taken rectification actions with respect to the relevant Pre-sale Proceeds Incidents to the extent feasible; and
- with respect to property projects whose construction had been completed as of April 30, 2020, certain were previously subject to the Pre-sale Proceeds Incidents during the course of their constructions. For such completed projects, as advised by our PRC Legal Advisors, the restrictions on the withdrawal or use of relevant pre-sales proceeds deposited in the designated escrow account had been released following the completion of such properties or completion of the relevant registration procedures with the relevant government authorities with respect to such properties. We have taken steps to and will continue to ensure, to the extent feasible, that all the

amounts will be deposited in the designated escrow accounts, and we also enhanced the internal control to ensure that the subsidiaries comply with the applicable rules and regulations with respect to pre-sale proceeds.

As advised by our PRC Legal Advisors, the interviews with and/or written confirmations from relevant competent authorities with regards to pre-sale proceeds cover all properties that have been involved in the Pre-sale Proceeds Incidents during the Track Record Period and up to the Latest Practicable Date. As also advised by our PRC Legal Advisors, according to the Measures for Administration of Pre-sales of Urban Commodity Properties (《城市商品房預售管理辦法》) or as confirmed by the interviewee in the interviews with the relevant competent authorities, these departments and officers are authorized to give such confirmations. In addition, as advised by our PRC Legal Advisors, the authorities issuing fines and penalties in relation to pre-sale proceeds typically lie with the municipal and county level housing and urban-rural development departments, and the nature of the authorities of their superiors at the provincial level is supervisory. The provincial level housing and urban-rural development departments do not typically directly issue penalties to property developers or opine on the handling of individual cases; rather, they are in charge of supervising the overall operations of their municipal and county level subordinates. Pursuant to the consultation with the relevant provincial real estate administrative departments, which are the higher-level authorities of the cities where our project companies involved in the Pre-sale Proceeds Incidents during the Track Record Period were located, the regulatory authorities of municipalities or counties are the competent governmental authorities, and generally they would not challenge such confirmations issued by municipal or county level authorities. As such, our PRC Legal Advisors advised that the confirmations we received in relation to the Pre-sale Proceeds Incidents are unlikely to be challenged by higher-level authorities.

As of July 31, 2020, among the 120 property projects involved in the Pre-sale Proceeds Incidents during the Track Record Period, 59 projects had completed construction and/or delivered. As the main purpose of governmental supervision for the pre-sale proceeds of commodity properties is to ensure the consummation of development of the property projects, and that there will not be any material delay in delivery of the property projects, our PRC Legal Advisors are of the view that the risk of our Group being penalized by the relevant governmental authorities for such 59 projects with respect to the Pre-sale Proceeds Incidents is remote. Among the remaining 61 projects, 61 projects were involved in the deposit requirements, 13 projects were involved in the balance requirements, and an aggregate of 13 projects among the remaining 61 projects were involved in both requirements.

According to the Pre-sales Measures, the competent regulatory authorities may impose a fine that equals three times of illegal gains but less than RMB30,000 per project. The maximum penalty of RMB30,000 refers to the maximum penalty a project may be subject to, regardless whether the project is involved in one or more types of non-compliances in relation to pre-sale proceeds. See “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties.” Based on the foregoing, for the remaining 61 property projects involved in the

BUSINESS

Pre-sale Proceeds Incidents, our PRC Legal Advisors are of the opinion that the aggregate amount of potential maximum penalty would be approximately RMB1.8 million if the relevant governmental authorities impose the maximum fines for each of these property projects.

As of September 30, 2020, among the 120 property projects involved in the Pre-sale Proceeds Incidents during the Track Record Period, 67 projects had completed construction and/or delivered.

Based on the foregoing, our PRC Legal Advisors, are of the view that (i) the risk of us being penalized by the relevant government authorities relating to the Pre-sale Proceeds Incidents is low. For details on the penalties in relation to pre-sale proceeds incidents, see “Regulatory Overview — Real Estate Transactions — Pre-sale of Commodity Properties;” (ii) the Pre-sale Proceeds Incidents would not have a material impact on us; and (iii) except for the Pre-sale Proceeds Incidents disclosed above, we had complied with all relevant and applicable PRC laws and regulations governing property pre-sales in the PRC in all material respects during the Track Record and up to the Latest Practicable Date.

Based on the above, our Directors are of the view that we were in compliance with the relevant laws and regulations relating to the pre-sale proceeds in all material aspects except for the Pre-sale Proceeds Incidents disclosed above during the Track Record Period and up to the Latest Practicable Date, and the Pre-sale Proceeds Incidents would not have a material operational or financial impact on us. As such, we have not made any provisions in relation to any pre-sale proceeds requirements.

Enhanced Internal Control Measures and Working Capital Sufficiency

Before we became aware of non-compliance with relevant laws and regulations over pre-sale proceeds, we did not enforce robust monthly checks on our deposit, withdrawal and usage of pre-sale proceeds. At the project company level, our subsidiaries were not required to submit related information on pre-sale proceeds for review. At the regional company level, we did not fully collect or review the management of pre-sale proceeds by subsidiaries in the region. At the group level, we had not fully collected and reviewed the relevant regulatory requirements related to pre-sale proceeds or communicated with the various regional companies regarding related requirements. We have enhanced our internal control measures regarding pre-sale proceeds. Our finance personnel will conduct monthly checks on the deposit, use and maintenance of pre-sale proceeds. Our subsidiaries are required to submit the application for using pre-sale proceeds, together the relevant supporting documents, to our office automation system for approval. We have provided and will continue to provide training to responsible personnel on the rules and regulations on pre-sale proceeds. Such trainings primarily include (i) project company level trainings prior to commencement of pre-sale activities, relevant personnel undergo trainings on applicable regulatory policies, laws and regulations governing pre-sale proceeds, in particular regulatory requirements concerning the deposit and use of pre-sale proceeds, as well as the minimum regulatory requirements on balances of key escrow funds; (ii) regional company level trainings on updates related to local laws and regulations governing pre-sale proceeds, in particular regulatory requirements

concerning the deposit and use of pre-sale proceeds within the region; and (iii) group level trainings on regulatory policies, in particular updates to, interpretations of or elaborations on the various regional regulatory policies of the regions where our Group operates. Specifically, we have adopted the following internal control measures to ensure that the proceeds derived from our pre-sales of properties will be used for the construction of the relevant projects in accordance with the relevant laws and regulations.

- *At the project company level.* The head of finance department of each project company ensures that the pre-sale proceeds are deposited into the designated escrow accounts. The head of finance department also oversees the withdrawals by a project company to ensure withdrawals of pre-sale proceeds from the relevant designated escrow accounts are strictly in accordance with the applicable regulatory requirements. In daily operations, the finance department of each project company regularly communicates with the engineering management department to ensure that the most up-to-date information relating to construction status is available for the preparation of application materials for withdrawals of pre-sale proceeds from the relevant designated escrow accounts. The designated finance officer of each project company regularly collects, files and submits the documents and records on the pre-sale proceeds of the relevant property project to regional companies for review and approval.
- *At the regional company level.* The finance and fund management center of each regional company conducts overall reviews of the management of pre-sale proceeds by the subsidiaries within the region on a regular basis to make sure that pre-sale proceeds are deposited in accordance with the applicable regulatory requirements. The reviews are conducted by the finance officer of the finance and fund management center at the regional company level and the review results are approved by the head of the finance and fund management center of the regional company. The review results are further submitted to the finance and fund management center at the group level. Each regional company also conducts regular checks on bank balances to ensure that sufficient balances are maintained in the escrow accounts according to relevant rules and regulations.
- *At the group level.* The finance and fund management center at the group level collects and reviews the relevant regulatory requirements related to pre-sale proceeds on a monthly basis, focusing particularly on the requirements related to property projects that are scheduled to commence pre-sales and the cities/regions into which we have recently entered. The finance and fund management center at the group level discusses with the head of the legal department and finance and fund management center at the relevant regional companies to ensure agreements on the procedures and requirements for the relevant property projects. The relevant finance staff responsible for handling and monitoring escrow accounts at the project, regional and group levels and the project managers regularly attend training sessions in respect of PRC laws and regulations and local policies in relation to pre-sales proceeds in order to stay current on the relevant laws, regulations and policies. The

BUSINESS

finance and fund management center of our group level also considers engaging external legal counsel if necessary in order to help us better understand the applicable requirements related to pre-sale proceeds.

The implementation of the above-mentioned enhanced internal control measures has effectively prevented those Pre-sale Proceeds Incidents from taking place based on our compliance status with respect to requirements relating to pre-sale proceeds, including (i) as of May 31, 2020, we had made up all of the shortfalls in the designated escrow accounts recorded as of December 31, 2019. With respect to the shortfalls in the designated escrow recorded as of April 30, 2020, we have made up in full as of August 31, 2020; and (ii) pre-sale proceeds that we received since May 2020 have been fully deposited into the relevant designated escrow account. Based on the above, our Directors are of the view, and the Joint Sponsors and our Internal Control Consultant concur that, the enhanced internal control measures adopted by us, if implemented continuously, are adequately and effectively designed to reasonably prevent such future non-compliance.

We did not make up all shortfalls that were recorded in the relevant designated escrow accounts as of April 30, 2020 until August 31, 2020 primarily due to the large amount of work involved to thoroughly collect, review and analyze the pre-sale status of projects involved, information on deposit and balance in the relevant designated escrow accounts. In particular, we spent substantial amount of time effectively rectifying Pre-sale Proceeds Incidents as of April 30, 2020, because (i) we had more than 100 property projects nationwide as of April 30, 2020, involving a total of 442 designated escrow accounts as of the same date. In addition, we needed to collect and analyze construction progress data of all of our property projects, which required significant time and efforts to complete; (ii) the COVID-19 pandemic also, to some extent, slowed down the implementation of the enhanced internal control measures; and (iii) the Pre-sale Proceeds Incidents also relate to certain third-parties, such as mortgage banks. As such, the rectifications also took substantial amount of time to communicate with such third parties and formulate practicable steps to rectify the Pre-sale Proceeds Incidents.

We did not encounter significant difficulties when transferring funds from general bank accounts to the designated escrow accounts, including issues relating working capital sufficiency, and we continuously made up for the shortfalls following the progress of works and communications mentioned above throughout the period from May 2020 to August 2020. We had deposited approximately RMB334.7 million into the designated escrow accounts in May 2020 to partly make up the shortfall as of April 30, 2020 of RMB412.4 million. By the end of July 2020, we had completed information collection and data analysis of construction progress and pre-sale status of our projects as of April 30, 2020. Thereafter, we completed the make-ups of the remaining shortfalls as of April 30, 2020 in August 2020.

In terms of our efforts regarding internal control over pre-sale proceeds, we began strengthening our internal control procedures on pre-sale proceeds in April 2020. In addition, we engaged our Internal Control Consultant to assist in reviewing and improving our internal controls over pre-sale proceeds, and as confirmed by our Internal Control Consultant, our internal controls over pre-sale proceeds had been established and effectively implemented.

On the basis that (i) we had obtained compliance confirmations from the competent government authorities in relation to the Pre-sale Proceeds Incidents; (ii) our PRC Legal Advisors are of the view that the risks of us being penalized by the relevant government authorities relating to the Pre-sale Proceeds Incidents is low, and therefore the Pre-sale Proceeds Incidents would not have a material impact on our financial conditions; (iii) our Internal Control Consultant is of the view that the enhanced internal control measures adopted by us are adequate and effective to prevent the incurrence of any similar future non-compliance; and (iv) our Directors' view that the practice of depositing mortgage loan proceeds into bank accounts maintained with the mortgage banks instead of designated escrow accounts is common among mortgage banks in China, the Joint Sponsors, after considering the above and based on the due diligence conducted, are of the view that the Pre-sale Proceeds Incidents would not have any negative bearings on our Directors' competence and suitability under Rules 3.08 and 3.09 of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, certain loan agreements contain restrictive covenants on maintaining minimum deposit balance, as pledged deposits or guarantee to our borrowing. On occasions where there are such restrictive covenants, taking into account our other balances with the banks with restrictive covenants, if we had complied with the regulatory requirements (including the requirements to directly deposit pre-sale proceeds into the designated escrow accounts rather than mortgage bank accounts), we could still comply with those restrictive covenants. Compliance with the regulatory requirements in relation to pre-sale proceeds, including the requirements to directly deposit pre-sale proceeds into the designated escrow accounts rather than mortgage bank accounts, does not constitute a breach of the loan agreements between us and the relevant banks.

In addition, our Directors conclude that we would have sufficient working capital to finance our property development costs at the material time during the Track Record Period had we fully complied with all applicable laws and regulations on pre-sale proceeds. We reached such conclusion by considering (i) our cash and cash equivalents balance that were not restricted or pledged at the end of a period; and (ii) the estimated additional amount of pre-sale proceeds we were required to deposit into the designated escrow amounts under applicable PRC laws and regulations at the end of or during the corresponding period. In addition, as of August 31, 2020, we had unutilized credit facilities granted by banks and other financial institutions of approximately RMB9,781.0 million, which further provides certain flexibility for its working capital needs. Based on the abovementioned assumptions and analysis, in 2017, 2018 and 2019 and the four months ended April 30, 2020, we would have sufficient cash and therefore would be able to provide working capital to support our property development activities and operations. Based on the due diligence conducted on the above-mentioned detailed quantitative analysis in relation to the pre-sale proceeds management during the Track Record Period and the reference and review of the the Accountants' Report included in Appendix I to this Prospectus, the Joint Sponsors concur with our Directors' view. We would have incurred maximum additional fundings of RMB2,595.9 million and incurred a maximum finance costs of RMB142.2 million during the Track Record Period.

Furthermore, taking into account the amount of proceeds that are expected to be generated from our property projects as of July 31, 2020, and on the basis that our pre-sale proceeds would be deposited and utilized in a fully compliant manner, we expect to generate sufficient cash surplus from these property projects to support the development of our property projects going forward.

Overall Internal Control Measures to Ensure Ongoing Compliance

We have engaged SHINEWING Risk Services Limited, an independent consulting firm, as our Internal Control Consultant in January 2020. The Internal Control Consultant has performed review on the remedial internal control measures taken by us to prevent future occurrence of similar non-compliance incidents.

To prevent future non-compliance incidents, we adopted remedial internal controls with regards to each type of non-compliance incidents. See each of the sub-sections headed “Internal Control Measures to Ensure Ongoing Compliance” above in “— Non-compliance Incidents.” The Internal Control Consultant performed a follow-up review on the remedial internal control measures in May 2020 and did not make any further recommendations. Based on the follow-up review on the enhanced internal control procedures, we demonstrated that we have implemented all major internal control measures recommended to prevent future non-compliance incidents as described above and no material deficiencies were identified during the follow-up review.

In order to ensure that we maintain sound and effective internal control, we have set up comprehensive risk management and internal control systems. See “— Risk Management.” To prevent future non-compliances with laws or regulations, we also adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control procedures.

- We have enhanced and will continue to enhance relevant policies and procedures on the requirements of compliance with the relevant laws and regulations of key operations;
- We request all of our Directors and senior managements to identify and make periodical reports to our headquarters about conflicts of interest, including potential related party transactions, the engagement of competing businesses, or the receipt of unjust benefits or enrichment by using our assets or resources or taking advantage of his or her position in our Group;
- Our Audit Committee will assist our Board by providing an independent view of the effectiveness of our Group’s financial reporting process, internal control and risk management system, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board;

BUSINESS

- We have provided and will continue to provide regular trainings on internal policies with respect to key operational aspects to our Directors, senior management and other key personnel; and
- Our legal and risk management department have provided and will continue to provide support, consultation and supervision over our operations and regulatory compliance, report to our Board and senior management on the status of our compliance incidents, and execute internal control measures.

Our Directors' Views

On the basis that (i) we had paid the relevant penalties, where applicable, in full; (ii) we had obtained the confirmations from the relevant government authorities or as advised by our PRC Legal Advisors that pursuant to the relevant applicable regulations that, the relevant non-compliance incidents are immaterial or have been rectified; (iii) our PRC Legal Advisors are of the view that the risks that we will be subject to further administrative penalties for such non-compliance incidents by such relevant governmental authorities which imposed relevant penalties are low; (iv) we had engaged the Internal Control Consultant to perform review on our remedial internal controls and had adopted the rectification measures to address such incidents and the enhanced internal control measures to ensure ongoing compliance; and (v) the Internal Control Consultant did not have any further recommendations with respect to our internal control system after the follow-up review, our Directors are of the view that (i) the internal control measures listed above are adequate and are expected to help us establish an effective internal control system to prevent future similar non-compliance incidents; and (ii) the historical non-compliance incidents listed above would not negatively reflect on the Directors' competency under Rules 3.08 and 3.09 and hence the Company's suitability for the Listing.

Qualifications

As advised by our PRC Legal Advisors, save as disclosed above, during the Track Record and up to the Latest Practicable Date, almost all of our subsidiaries had obtained all material requisite licenses, permits, certificates or approvals for their daily business operations in the PRC. As of the date of this Prospectus, all of our PRC subsidiaries engaged in property development operations have obtained qualification certificates for property development. We consider that no circumstances exist that would render revocation or cancellation of our licenses, approvals, permits, certificates and written confirmations or would render legal impediments to our business operations.

If we fail to maintain our licenses, certificates, permits or governmental approvals upon expiry, our development plans may be delayed and there may be an adverse effect on our business. See "Risk Factors — Risks Relating to Our Business — We may fail to obtain or experience delays in obtaining the relevant PRC governmental permits and certificates for our property projects."

RISK MANAGEMENT

We believe that risk management is crucial to the success of any property developer in the PRC. Key operational risks that we face include changes in PRC political and economic conditions, changes in PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support our property developments, ability to complete our property projects on time and compete effectively with other property developers. See “Risk Factors” in this Prospectus for a discussion of various risks and uncertainties we face.

In addition, we also face various financial risks. In particular, we are exposed to interest rate, credit and liquidity risks that arise in the ordinary course of our business. See “Financial Information — Quantitative and Qualitative Analysis about Market Risk” for details.

In order to meet these challenges, we have established the following structures and measures to manage our risks.

- Our Board and management at the group level are responsible for determining our overall business and investment plans, formulating our annual financial budgets, proposals for final accounting and proposals for profit distributions, and is in charge of the overall risk control of our Group. See “Directors and Senior Management — Board of Directors” for details of the experience of members of our Board.
- Our final site selection decisions are made by our investment and development personnel at regional- and group-level. Our investment decision-making committee, which comprises the chairman of our Board, the chief executive officer and five vice presidents, is specifically tasked with the review and approval decisions of such business development.
- Our finance and fund management center is primarily responsible for managing liquidity risks. The responsible personnel, which is one of our executive Directors and also vice president, employ, among others, the following measures to manage the relevant risks: (i) maintaining records of cash inflows and outflows at the group level; (ii) preparing reports on a weekly or monthly basis to identify and address the potential issues, which are reviewed by the vice president in charge of finance and fund who then makes recommendations to our president about available actions to take to address such issues; and (iii) reviewing financial results for compliance against certain targets to ensure maintenance of sufficient level of cash on hand for short and long-term use and report to the responsible persons at the group level if there are any significant change in our borrowing and investment activities. For the purposes of achieving reasonably higher return on our excess cash than bank deposits, we purchase wealth management products with low to medium risk. See “Financial Information — Liquidity and Capital Resources — Treasury Management Policies.”

- Our legal and risk management department is required to involve and obtain inputs from our investment and development center with respect to any investment plan, and is responsible for evaluating the investment plan from the legal perspective and updating the internal departments if there are relevant changes to the applicable laws relating to investment and financing. Our legal and risk management department is then responsible for providing training to the relevant staff to ensure that they have updated knowledge and understanding of the requirements under the applicable PRC laws. Our investment and development center works with our audit and compliance department to report to the responsible personnel at the group level on a quarterly basis. Our legal and risk management department can also report directly to the management at the group level for any legal risks it detects.
- Our senior management team at our regional companies is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. We have formulated clear reporting lines between the management at our region company level and our group level.
- Our audit and compliance department at the group level is responsible for monitoring and implementing our internal control policies, and adjusting and improving our internal control polices based on changes relating to, among others, our operations, relevant laws and regulations, industry conditions, organizational structure, issues discovered in internal review processes and internal risk assessments.
- We have established a series of policies against bribery and other misconducts by employees. Our senior management team has established an employee handbook to define, among others, our code of conduct, which has been distributed to and acknowledged by each of our employees. We have adopted conflict of interest mechanisms for our employees pursuant to which our employees are required to declare conflicts of interests. All of our senior management shall declare potential conflicts of interests when required. We have also formulated rules on professional ethics which require all employees of our Group to observe, and formulated rules on inspecting, auditing, complaining and whistle-blowing to sustain employee awareness and understanding of the communication channels for reporting any misconduct.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately upon completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, Shinlight Limited will directly hold approximately 79.2% of the total issued share capital of our Company. Shinlight Limited is wholly owned by Shinfamily Holdings, the holding vehicle of the Family Trust, which in turn is wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. Mr. Chen, as the settlor of the Family Trust, through Shinlight Limited, controls the exercise of more than 30% of the voting power at general meetings of our Company. Accordingly, Mr. Chen and Shinlight Limited are our Controlling Shareholders under the Listing Rules.

Mr. Chen is the founder of our Group. He has over 27 years of experience in the PRC real estate industry. Mr. Chen is currently our executive Director and the chairman of our board. The biographical information of Mr. Chen is set out in “Directors and Senior Management” in this Prospectus.

DELINEATION OF BUSINESS

Business of our Group

We are a fast-growing large-scale comprehensive real estate developer in China focusing on the development of quality residential properties in selected regions in China. See “Business” in this Prospectus for further information of our business and operations.

Other Businesses of our Controlling Shareholder

Apart from our business, Mr. Chen, one of our Controlling Shareholders, through certain companies controlled by him (the “**Excluded Group**”), has invested in other businesses including, among others, provision of property management services, sales management services, hotel management services, construction services, sales of construction materials, mineral processing and sales, retail of agricultural products and agricultural marketplace management. Given the differences in the nature of the business between our Group and the businesses of the Excluded Group, our Directors are of the view that there is a clear business delineation between our Group and those operated by the Excluded Group. As a result, none of the business of the Excluded Group would compete or is expected to compete, directly or indirectly, with the business of our Group.

During the Track Record Period, our Group had engaged certain members of the Excluded Group to provide property management, construction services and sales management services for its property projects. It is expected that our Group will continue to engage the Excluded Group for the provision of such services after Listing. Details of such continuing connected transactions are set out in “Connected Transactions” in this Prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. As of the Latest Practicable Date, save for Mr. Chen, none of our Directors or the members of our senior management team holds any position at our Controlling Shareholders or their respective close associates. Set out below is a table summarizing the positions held by Mr. Chen at our Group and our Controlling Shareholders (and their respective close associates).

Name	Position with our Group	Position with our Controlling Shareholders or their respective close associates
Mr. Chen	Chairman of the board and executive Director	• Director of Shinlight Limited • Director and general manager of Xiangsheng Industrial, Zhuji Xiangshen and Zhejiang Hongyuan Venture Capital Co., Ltd. (浙江弘源創業投資有限公司) (“Zhejiang Hongyuan”), a direct non-wholly owned subsidiary of Xiangsheng Industrial • Director of Zhoushan Putuoshan Xiangsheng Hotel Co., Ltd. (舟山市普陀山祥生大酒店有限公司) and Zhuji Xiangsheng New Century Comprehensive Market Co., Ltd. (諸暨市祥生新世紀綜合市場有限公司), both of which are non-wholly owned subsidiaries of Xiangsheng Industrial, and director of Zhejiang Huarui Hongyuan Intelligent Industry Venture Capital Co., Ltd. (浙江華睿弘源智慧產業創業投資有限公司) (“Zhejiang Huarui”) which is owned as to 35% by Zhejiang Hongyuan

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Despite the overlapping roles assumed by Mr. Chen as illustrated above, when performing his duties in our Group and the relevant companies, he has been and will continue to be supported by the separate and independent board and/or senior management team of our Group and the relevant companies. Moreover, Shinlight Limited, Xiangsheng Industrial, Zhuji Xiangshen, Zhejiang Hongyuan and Zhejiang Huarui are merely investment holding companies and do not engage in other business activities. On this basis, Mr. Chen confirmed that his involvement in the aforementioned companies will not affect the discharge of his duties as a Director to our Group. As such, we believe that our Board as a whole and members of the senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from the Controlling Shareholders and their respective close associates.

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 Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business operations of our Group independently from our Controlling Shareholders.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Listing.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently of our Controlling Shareholders and their respective close associates.

Licences required for operation

We hold all relevant licences necessary to carry on our current business independently from our Controlling Shareholders and/or their respective close associates.

Access to customers, suppliers and business partners

We conduct our own sales and marketing primarily through our own sales and marketing team. Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to our customers, our suppliers as well as our other business partners.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational facilities

All of the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

We have our own team employees for our operations, human resources, accounting and financing. As of the Latest Practicable Date, all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, recruiting firms and internal referrals.

Connected transactions with our Controlling Shareholders

Details of the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after the completion of the Global Offering are set out in the section headed “Connected Transactions” in this Prospectus. All such transactions will be conducted on arm’s length basis and on normal commercial terms. Save for such continuing connected transactions, our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective close associates immediately upon completion of the Global Offering. In addition, save for Xiangsheng Construction and Xiangsheng Landscape, which were among our five largest suppliers during the Track Record Period, none of our Controlling Shareholders or their respective close associates has been our major supplier or customer which provides or procures for any critical services or materials for our operation. Notwithstanding that Xiangsheng Construction and Xiangsheng Landscape were among our five largest suppliers during the Track Record Period and will be expected to continue to provide services to our Group upon Listing, our Directors are of the view that there will be no material adverse impact from the perspective of our operational independence from the Controlling Shareholders in case they cease to provide services to our Group, in light of the number of other independent service providers available in the market as maintained in our internal list of suppliers, including those reputable construction contractors and landscape engineering service providers with strong track records, which can meet our various criteria including credentials, fee rates and quality of services, and with which we maintain a sound and stable business relationship and cooperated well in the past. Moreover, we have established strategic cooperation relationship with several of these independent suppliers, which enables us to secure a stable supply of provision of construction services and landscape engineering services at competitive prices in a timely manner. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders and their respective close associates after Listing.

Based on the above, our Directors are of the view that our Group has been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

All loans, advances and balances due to or from the Controlling Shareholders or their close associates which did not arise out of the ordinary course of business will be fully repaid or settled before the Listing. All share pledges and guarantees provided by or to our Controlling Shareholders and their respective close associates on the borrowings of our Group or our Controlling Shareholders and their respective close associates will also be fully released immediately before the Listing.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, our Directors are of the view that our Group is capable of maintaining financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it fully comprehends his/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management — Board of Directors — Independent non-executive Directors” in this Prospectus;

- (d) we have appointed Maxa Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was a director of our Company or our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will be connected persons of our Company upon Listing.

Our Group has entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business. Upon completion of the Listing, the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

A. CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licensing

On October 26, 2020, our Company entered into a trademark licensing agreement (the “**Trademark Licensing Agreement**”) with Xiangsheng Industrial, pursuant to which Xiangsheng Industrial agreed to irrevocably and unconditionally grant to (i) our Company and our subsidiaries, joint ventures and associates the right to use; and/or (ii) our Company and our subsidiaries the right to sub-license to a third party due to operational needs arising from the usual and ordinary course of business and other activities of our Group, the trademark “**SHINSUN** 祥生” (the “**Licensed Trademark**”) registered in the PRC (Registration Number: 34163093A) for a perpetual term commencing from the date of the Trademark Licensing Agreement on a royalty-free basis. See “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” in Appendix V to this Prospectus for details. The Trademark Licensing Agreement is not unilaterally terminable by Xiangsheng Industrial and Xiangsheng Industrial has undertaken to renew and maintain the registration of the Licensed Trademark upon expiry.

Reasons for the transaction

Our Group has been using the Licensed Trademark since 2019. Our Directors believe that entering into a trademark licensing agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Xiangsheng Industrial is owned as to 99% by Mr. Chen, our Controlling Shareholder and executive Director, and 1% by Mr. Chen Hongni, the son of Mr. Chen and our executive Director. Xiangsheng Industrial is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use and/or sub-license the Licensed Trademark is granted to our Company and our subsidiaries, joint ventures and/or associates on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules upon Listing and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Property Lease

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a master property lease agreement (the “**Master Property Lease Agreement**”) with Xiangsheng Industrial (for itself and on behalf of its subsidiaries), pursuant to which our Group shall lease certain office premises to the Xiangsheng Industrial Group at an aggregate monthly rental of approximately RMB122,000, RMB125,000 and RMB127,000 for the years ending December 31, 2020, 2021 and 2022, respectively, which was arrived at after arm's length negotiations between our Company and Xiangsheng Industrial with regard to the prevailing market rents as assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer of our Company. The Master Property Lease Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

The following sets forth the principal terms of the Master Property Lease Agreement:

- (i) Our Group shall lease the following office premises to Xiangsheng Industrial Group:

Address	GFA (sq.m.) (approximately)	Monthly rental For the year ending December 31,		
		2020	2021	2022
		(RMB)	(RMB)	(RMB)
Unit A, 18th Floor, Hangzhou New Media Industry Building, No. 58 Xintang Road, Hangzhou City, Zhejiang Province (“ New Media Industry Building ”)	344	27,167	27,750	28,333
Unit B, 18th Floor, New Media Industry Building	1,031	81,583	83,250	84,917
16th Floor, Xiangsheng New Century Plaza Commercial Building, No. 195 Dongluo Road, Zhuji City, Zhejiang Province (“ Xiangsheng New Century Plaza ”)	262	9,583	9,750	9,917
17th Floor, Xiangsheng New Century Plaza	91	3,333	3,417	3,500

- (ii) the Xiangsheng Industrial Group as the lessee shall bear all utilities expenses and the property management fees in respect of the leased premises; and
- (iii) the individual property leasing agreements to be entered into between members of our Group and members of Xiangsheng Industrial Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Property Lease Agreement.

Reasons for the transaction

Given that the rentals for such office premise are in line with the prevailing market rent as assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our Group will lease such office premise to the Xiangsheng Industrial Group upon Listing.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets forth the historical transaction amounts in respect of the rentals paid by the Xiangsheng Industrial Group to us for the lease of office premises:

Address	For the years ended December 31,			For the four months ended April 30,
	2017	2018	2019	2020
	(RMB)	(RMB)	(RMB)	(RMB)
16th Floor, Xiangsheng New Century Plaza	100,000	100,000	100,000	–

Given that our Group did not lease the other office premises to the Xiangsheng Industrial Group during the Track Record Period, there was no historical transaction amount in respect of the lease of the other office premises.

Annual caps

Our Directors estimate that the maximum amount of rentals payable by the Xiangsheng Industrial Group to us for the lease of office premises contemplated under the Master Property Lease Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB1.5 million, RMB1.5 million and RMB1.6 million, respectively. Such estimate of maximum amount is based on the fixed rentals for the office premises as set out in the Master Property Lease Agreement.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer of our Company, has reviewed the key terms of the Master Property Lease Agreement and confirmed that the rentals payable by the Xiangsheng Industrial Group according to the Master Property Lease Agreement are fair and reasonable and are in line with the market rate by reference to the prevailing market prices for similar properties in similar location and usage. Our Directors (including our independent non-executive Directors) are of the view that the lease terms under the Master Property Lease Agreement are fair and reasonable, on normal commercial terms and in the interests of our Group and Shareholders as a whole.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Xiangsheng Industrial is owned as to 99% by Mr. Chen, our Controlling Shareholder and executive Director, and 1% by Mr. Chen Hongni, Mr. Chen's son and our executive Director. Xiangsheng Industrial is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Master Property Lease Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Property Lease Agreement are expected to be less than 0.1% on an annual basis, the transactions under the Master Property Lease Agreement will be exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1. Property Management Services

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a property management service framework agreement (the “**Property Management Service Framework Agreement**”) with Xiangsheng Property Management (for itself and on behalf of its subsidiaries), pursuant to which members of our Group could engage Xiangsheng Property Management Group to provide property management services, including but not limited to (i) pre-delivery services prior to the delivery of properties to property owners, such as security, car park management, cleaning, gardening, repair, maintenance and operation of common area and shared facilities; and (ii) property management services for unsold property units held by us (the “**Property Management Services**”). The Property Management Service Framework Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

The following sets forth the principal terms of the Property Management Service Framework Agreement:

- (i) our Group shall, where members of the Xiangsheng Property Management Group are selected by our Group following the tender processes in accordance with the relevant PRC laws and regulations, engage members of the Xiangsheng Property Management Group to provide property management services for unsold properties held by us according to the tender documents and individual property management agreements to be entered into between members of our Group and members of the Xiangsheng Property Management Group from time to time. Members of the Xiangsheng Property Management Group, if selected to provide property management services for unsold property units held by us through the aforesaid tender processes, shall also provide pre-delivery services to us;
- (ii) the management fees for the property management services for unsold property units are charged based on the GFA of the unsold property units, which shall be determined based on the fee quotes to be submitted by members of the Xiangsheng Property Management Group under the relevant tender bids. The fees quotes shall take into account the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to the rates generally offered to us by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities (if any). The rates of the management fees charged for the unsold property units is the same as the rates charged to other independent property owners in the same property projects as stipulated in the individual property management agreements;
- (iii) the service fees for pre-delivery services are charged after arm's length negotiations based on the expected delivered GFA of the property units, the labor and administration costs to be incurred by members of the Xiangsheng Property Management Group, as well as the rates generally offered to us by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities (if any); and
- (iv) the individual property management agreements to be entered into between members of our Group and members of the Xiangsheng Property Management Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Property Management Service Framework Agreement.

CONNECTED TRANSACTIONS

Reasons for the transaction

We had engaged the Xiangsheng Property Management Group for the provision of the Property Management Services for our property projects by way of tender in accordance with the relevant PRC laws and regulations or comparison of quotations during the Track Record Period and as of the Latest Practicable Date, taking into account various factors such as its credentials, fee quotes and quality of services. During the Track Record Period, we only engaged one service provider, who is an Independent Third Party, other than the Xiangsheng Property Management Group to provide the Property Management Services. As observed by JLL, some property developers engage property management service providers which are related to their controlling shareholders. Our Directors believe that such kind of engagement arises due to mutual reliance between the property developers and their controlling shareholders. For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the Xiangsheng Property Management Group managed 29, 42, 76 and 78 of our property projects, respectively, representing approximately 96.7%, 97.7%, 98.7% and 98.7% of the total number of our property projects where service fees for the Property Management Services had been incurred during the corresponding period. The terms of transactions with the Xiangsheng Property Management Group, including the pricing and credit terms, are comparable to the transactions of similar nature with other independent service providers.

The transactions contemplated under the Property Management Service Framework Agreement shall be on normal commercial terms or better and in accordance with the term that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2017, 2018, 2019 and the four months ended April 30, 2020, the transaction amounts for the Property Management Services provided by the Xiangsheng Property Management Group to our Group amounted to approximately RMB7.6 million, RMB13.6 million, RMB31.8 million and RMB12.1 million, respectively.

The increase in the historical transaction amounts from the year ended December 31, 2017 to the year ended December 31, 2019 was primarily due to the increase in number of property projects developed and completed by our Group, which had resulted in the increase in demand for the Property Management Services to our property projects and the GFA contracted for the Property Management Services.

CONNECTED TRANSACTIONS

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to the Xiangsheng Property Management Group in relation to the Property Management Services for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB54.7 million, RMB59.4 million and RMB64.0 million, respectively.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

- (i) the estimated delivered GFA of our Group for the three years ending December 31, 2022 of approximately 17.4 million sq.m., of which approximately 4.8 million sq.m., 5.9 million sq.m. and 6.7 million sq.m. are expected to be delivered during the years ending December 31, 2020, 2021 and 2022, respectively. Such delivered GFA is estimated with reference to the existing property projects of our Group, the delivery schedule of our existing property projects and our future property development plan;
- (ii) the estimated GFA of the projected unsold property units of our Group of approximately 0.5 million sq.m., 0.6 million sq.m. and 0.7 million sq.m. for the years ending December 31, 2020, 2021 and 2022, respectively, which is estimated based on the estimated delivered GFA of our Group for the three years ending December 31, 2022; and
- (iii) the estimated rates of service fees and management fees for the Property Management Services payable to the Xiangsheng Property Management Group during the three years ending December 31, 2022 with reference to (a) the rates of service fees and management fees as set out in the existing property management service contracts entered into between our Group and members of the Xiangsheng Property Management Group; and (b) the average service fees and management fees charged by members of the Xiangsheng Property Management Group for our existing property projects pursuant to the property management service contracts entered into between of Group and members of the Xiangsheng Property Management Group in 2020.

The increase in the relevant proposed annual caps are primarily due to the continuous growth of the expected delivered GFA from approximately 4.8 million sq.m. for the year ending December 31, 2020 to approximately 5.9 million sq.m. and 6.7 million sq.m. for the years ending December 31, 2021 and 2022, respectively, and the estimated GFA of the unsold property units of our Group from approximately 0.5 million sq.m. for the year ending December 31, 2020 to approximately 0.6 million sq.m. and 0.7 million sq.m. for the years ending December 31, 2021 and 2022, respectively, estimated with reference to our future property development plan and delivery schedule of the new property projects, for which we may engage the relevant members of the Xiangsheng Property Management Group as the provider of the Property Management Services.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Xiangsheng Property Management is owned as to 98% by Xiangsheng Industrial and 2% by Ms. Zhu Guoling, the spouse of Mr. Chen, being our Controlling Shareholder and executive Director. Xiangsheng Industrial is owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, the son of Mr. Chen and our executive Director. Xiangsheng Property Management is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Property Management Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Property Management Service Framework Agreement are expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Property Management Service Framework Agreement will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Sales Management Services

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a sales management service framework agreement (the “**Sales Management Service Framework Agreement**”) with Xiangsheng Property Management (for itself and on behalf of its subsidiaries), pursuant to which members of our Group could engage members of the Xiangsheng Property Management Group to provide sales management and other services, including but not limited to reception services, cleaning, car park management, security and maintenance services in showrooms, display units and sales offices for our property projects, as well as the commercial properties occupied or operated by us (the “**Sales Management Services**”). The Sales Management Service Framework Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Sales Management Service Framework Agreement:

- (i) our Group shall, where members of the Xiangsheng Property Management Group is selected by our Group following the comparison of the fee quotes provided by different independent service providers, engage members of the Xiangsheng Property Management Group to provide the Sales Management Services according to the individual management agreements to be entered into between members of our Group and members of the Xiangsheng Property Management Group from time to time;

CONNECTED TRANSACTIONS

- (ii) the service fees for the Sales Management Services payable by our Group shall be determined based on the fee quotes to be submitted by members of the Xiangsheng Property Management Group. The fees quotes shall take into account the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs and administrative costs), with reference to the rates generally offered to us by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market; and
- (iii) the individual management agreements to be entered into between members of our Group and members of the Xiangsheng Property Management Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Sales Management Service Framework Agreement.

Reasons for the transaction

We had engaged the Xiangsheng Property Management Group for the provision of the Sales Management Services for our property projects, during the Track Record Period and as of the Latest Practicable Date, taking into account various factors such as its credentials, fee quotes and quality of services.

The transactions contemplated under the Sales Management Service Framework Agreement shall be on normal commercial terms or better and in accordance with the term that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the transaction amounts for the Sales Management Services provided by the Xiangsheng Property Management Group to our Group amounted to approximately RMB27.3 million, RMB86.2 million, RMB124.5 million and RMB14.8 million, respectively.

The increase in the historical transaction amounts from the year ended December 31, 2017 to the year ended December 31, 2019 was primarily due to (i) the significant increase in the number of property projects under development and the commencement of new property sales of our Group, which resulted in an increase in demand for the Sales Management Services; and (ii) the increase in labor costs in the PRC.

CONNECTED TRANSACTIONS

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to the Xiangsheng Property Management Group in relation to the Sales Management Services for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB134.9 million, RMB177.9 million and RMB216.2 million, respectively.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

- (i) the existing 80 property projects of our Group to which Xiangsheng Property Management Group has provided or will provide the Sales Management Services during the three years ending December 31, 2022 and the expected duration of the pre-sale period of the relevant property projects;
- (ii) the estimated number of new property projects of our Group for the three years ending December 31, 2022 based on our historical number of new property projects and our future property development plan, which is estimated to be 43, 54 and 60 for the years ending December 31, 2020, 2021 and 2022, respectively; and
- (iii) the estimated rates of service fees for the Sales Management Services payable to Xiangsheng Property Management Group during the three years ending December 31, 2022 with reference to (a) the rates of service fees as set out in the existing sales management service contracts entered into between our Group and members of Xiangsheng Property Management Group; and (b) the average service fees charged by members of the Xiangsheng Property Management Group for our existing property projects pursuant to the sales management service contracts entered into between our Group and members of the Xiangsheng Property Management Group in 2020.

The increase in the relevant proposed annual caps are primarily due to (i) the continuous growth of the number of property projects of our Group under development in the coming three years estimated with reference to our future property development plan taking into account our business expansion plan to actively expand into cities with high potential. The total number of property projects, for which we may engage the Xiangsheng Property Management Group as the Sales Management Services provider, is estimated to be 109, 140 and 148, which is based on the number of existing property projects of our Group to which Xiangsheng Property Management Group has provided or will provide the Sales Management Services and the estimated number of new property projects of our Group for the three years ending December 31, 2022; and (ii) the increase in the estimated rates of service fees for the Sales Management Services for (a) our existing projects with an average of approximately RMB170,000, RMB190,000 and RMB200,000 per project on a monthly basis for the years ending December 31, 2020,

CONNECTED TRANSACTIONS

2021 and 2022, respectively; and (b) our expected new projects, which is in line with the aforementioned increase in the average service fees for our existing projects primarily due to the increase in labor costs in the PRC.

Implications under the Listing Rules

Xiangsheng Property Management is owned as to 98% by Xiangsheng Industrial and 2% by Ms. Zhu Guoling, the spouse of Mr. Chen, being our Controlling Shareholder and executive Director. Xiangsheng Industrial is owned as to 99% by Mr. Chen and 1% by Mr. Chen Hongni, the son of Mr. Chen and our executive Director. Xiangsheng Property Management is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Sales Management Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Sales Management Service Framework Agreement are expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Sales Management Service Framework Agreement will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Hotel lease

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a master hotel lease agreement (the “**Master Hotel Lease Agreement**”) with Xiangsheng Hotel Management, pursuant to which our Group shall lease certain hotels to Xiangsheng Hotel Management at an aggregate monthly rental of approximately RMB3.3 million, RMB3.4 million and RMB3.4 million for the years ending December 31, 2020, 2021 and 2022, which was arrived at after arm's length negotiations between our Company and Xiangsheng Hotel Management with regard to the prevailing market rents as assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer of our Company. The Master Hotel Lease Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

The following sets forth the principal terms of the Master Hotel Lease Agreement:

- (i) Our Group shall lease the following hotels to Xiangsheng Hotel Management:

Hotel	Location	GFA (sq.m.) (approximately)	Monthly rental For the year ending December 31,		
			2020 (RMB)	2021 (RMB)	2022 (RMB)
Xiangsheng Century Hotel (祥生世紀酒店)	Hotel area, No. 195 Dongluo Road, Zhuji City, Zhejiang Province	43,000	1,798,333	1,834,500	1,871,250
Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店)	Hotel area, No. 1 Bengzhan Road, Xiantao City, Hubei Province	69,000	1,446,750	1,475,667	1,505,167

- (ii) Xiangsheng Hotel Management as the lessee shall bear all utilities expenses and other costs for the operation of the leased hotels; and
- (iii) the individual hotel lease agreements to be entered into between members of our Group and Xiangsheng Hotel Management shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Hotel Lease Agreement.

Reasons for the transaction

The primary focus of our Group's business is property development and investment. In order to establish clear delineation between the businesses of our Group and our Controlling Shareholders outside of our Group and to focus our resources on property development and investment, we lease the hotels owned by us to Xiangsheng Hotel Management for management and operation and we do not operate or manage any hotels in the PRC. For details, see "Relationship with our Controlling Shareholders — Delineation of Business" in this Prospectus.

CONNECTED TRANSACTIONS

Historical transaction amounts

For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the rentals paid by Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd. (湖北祥生仙苑國際大酒店管理有限公司) (“**Xiangsheng Xianyuan Hotel Management**”), which was our subsidiary prior to its disposal by us to Zhejiang Shinsun Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司) in March 2020 pursuant to the Reorganization, for the lease of Shinsun Fairyland International Hotel amounted to approximately RMB5.0 million, RMB5.0 million, RMB5.2 million, nil, respectively. For details relating to the disposal of Xiangsheng Xianyuan Hotel Management, see “History, Reorganization and Corporate Structure – Reorganization – Disposal of PRC Companies.” Given that our Group did not lease Xiangsheng Century Hotel during the Track Record Period, there was no historical transaction amount in respect of the lease of Xiangsheng Century Hotel.

Annual caps

Our Directors estimate that the maximum amount of rentals payable by Xiangsheng Hotel Management to us for the lease of hotels contemplated under the Master Hotel Lease Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB39.0 million, RMB39.8 million and RMB40.6 million, respectively. Such estimate of the maximum amount is based on the fixed rentals for the hotels as set out in the Master Hotel Lease Agreement.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer of our Company, has reviewed the key terms of the Master Hotel Lease Agreement and confirmed that the rentals payable by Xiangsheng Hotel Management according to the Master Hotel Lease Agreement are fair and reasonable and are in line with the market rate by reference to the prevailing market prices for similar properties in similar location and usage. Our Directors (including our independent non-executive Directors) are of the view that the lease terms under the Master Hotel Lease Agreement are fair and reasonable, on normal commercial terms and in the interests of our Group and Shareholders as a whole.

Implications under the Listing Rules

Xiangsheng Hotel Management is wholly owned by Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司), which is in turn wholly owned by Xiangsheng Industrial. Xiangsheng Industrial is owned as to 99% by Mr. Chen, our Controlling Shareholder and executive Director, and 1% by Mr. Chen Hongni, Mr. Chen’s son and our executive Director. Xiangsheng Hotel Management is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Master Hotel Lease Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Hotel Lease Agreement are expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Hotel Lease Agreement will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

4. Landscape engineering Services

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a landscape engineering service framework agreement (the “**Landscape Engineering Service Framework Agreement**”) with Xiangsheng Landscape, pursuant to which members of our Group could engage Xiangsheng Landscape to provide landscape engineering services, including but not limited to greening services, landscaping services, and outdoor road and drainage engineering services (the “**Landscape Engineering Services**”). The Landscape Engineering Service Framework Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Landscape Engineering Service Framework Agreement:

- (i) our Group shall, where Xiangsheng Landscape is selected by our Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Landscape to provide the Landscape Engineering Services according to the individual service agreements to be entered into between members of our Group and Xiangsheng Landscape from time to time;
- (ii) the service fees payable by our Group shall be determined after arm's length negotiations with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale and positioning, service scope, service period, material and labor costs, technical requirements and complexities; and
- (iii) the individual service agreements to be entered into between members of our Group and Xiangsheng Landscape shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Landscape Engineering Service Framework Agreement.

We generally obtain fee quotes from at least three landscape service providers and select the landscape service provider based on various factors including landscape engineering capability, pricing and credit terms, duration and quality of services. During the Track Record Period, we had engaged 66 landscape service providers (including Xiangsheng Landscape).

CONNECTED TRANSACTIONS

Reasons for the transaction

We had engaged Xiangsheng Landscape for the provision of the Landscape Engineering Services for our property projects during the Track Record Period and as of the Latest Practicable Date, taking into account various factors such as its credentials, fee quotes, quality of services and landscape engineering capability. Considering that Xiangsheng Landscape is familiar with our standards and requirements and is therefore able to accommodate the specific needs of our property projects, we believe it is in our interest to continue to engage Xiangsheng Landscape to provide the Landscape Engineering Services. For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of service fees paid by us to Xiangsheng Landscape accounted for approximately 96.6%, 95.1%, 95.0% and 74.4% of the total revenue of Xiangsheng Landscape of the corresponding period, respectively.

The transactions contemplated under the Landscape Engineering Service Framework Agreement shall be on normal commercial terms or better and in accordance with the term that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the transaction amounts for the Landscape Engineering Services provided by members of Xiangsheng Landscape to our Group amounted to approximately RMB77.5 million, RMB209.8 million, RMB453.9 million and RMB69.6 million, respectively.

The increase in the historical transaction amounts from the year ended December 31, 2017 to the year ended December 31, 2019 was primarily due to (i) the significant increase in the number of property projects under construction, which resulted in an increase in demand for the Landscape Engineering Services; and (ii) the increase in material and labor costs in the PRC.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to Xiangsheng Landscape in relation to the Landscape Engineering Services for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB414.9 million, RMB496.6 million and RMB619.2 million, respectively.

CONNECTED TRANSACTIONS

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

- (i) the outstanding contract value of the existing landscaping engineering service agreements entered into between our Group and Xiangsheng Landscape for the provision of the Landscape Engineering Services by Xiangsheng Landscape to our existing property projects, which amounted to RMB257.1 million as of January 1, 2020. Such property projects will be completed at various times within the three years ending December 31, 2022; and
- (ii) the projected contract value in respect of new property projects for which we will engage Xiangsheng Landscape for the provision of the Landscape Engineering Services for the three years ending December 31, 2022, which is estimated to be RMB196.0 million, RMB472.4 million and RMB605.2 million for the years ending December 31, 2020, 2021 and 2022, respectively. Such projected contract value is estimated based on (a) the estimated GFA under construction for the three years ending December 31, 2022 which was determined with reference to our historical GFA under construction and our future property development plan; and (b) the estimated rates of service fees with reference to average service fees charged by Xiangsheng Landscape for our property projects pursuant to the landscape engineering service agreements entered into between our Group and Xiangsheng Landscape in 2020 taking into account the expected inflation in material and labor cost with a CAGR of 5%.

The increase in the relevant proposed annual caps are primarily due to (i) the continuous growth of the GFA of new property projects of our Group under construction in the coming three years from approximately 7.4 million sq.m. for the year ending December 31, 2020 to approximately 8.2 million sq.m. and 9.0 million sq.m. for the years ending December 31, 2021 and 2022, respectively, estimated with reference to our future property development plan taking into account our business expansion plan to actively expand into cities with high potential; and (ii) the estimated continuous increase in the service fees for the Landscape Engineering Services from approximately RMB200 per sq.m. for the year ending December 31, 2020 to approximately RMB210 per sq.m. and RMB221 per sq.m. for the years ending December 31, 2021 and 2022, respectively, estimated with reference to the expected increase in material and labor costs in the PRC with a CAGR of 5%, taking into account the slight decrease in the proportion of the amount of the projected contract value of the Landscape Engineering Services for our property projects to be awarded to Xiangsheng Landscape, which is estimated to be approximately 44%, 41% and 38% for the years ending December 31, 2020, 2021 and 2022, respectively.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen. Xiangsheng Landscape is therefore an associate of Mr. Chen, our Controlling Shareholder and executive Director, and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Landscape Engineering Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Landscape Engineering Service Framework Agreement are expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Landscape Engineering Service Framework Agreement will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

C. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Construction Services

On October 26, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a construction service framework agreement (the “**Construction Service Framework Agreement**”) with Xiangsheng Construction, pursuant to which members of our Group could engage Xiangsheng Construction to provide construction and related services as main contractor for our property development projects (the “**Construction Services**”). The Construction Service Framework Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Construction Service Framework Agreement:

- (i) our Group shall, where Xiangsheng Construction is selected by our Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Construction to provide the Construction Services according to the individual service agreements to be entered into between members of our Group and Xiangsheng Construction from time to time;
- (ii) the construction fees payable by our Group shall be determined after arm's length negotiations with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities; and

CONNECTED TRANSACTIONS

- (iii) the individual service agreements to be entered into between members of our Group and Xiangsheng Construction shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Construction Service Framework Agreement.

We maintain an internal list of qualified construction service providers, which can meet our various criteria including technical capabilities, credentials and quality of services after our internal assessment. We generally invite at least three qualified construction service providers to submit tender and select the construction service provider taking into account various factors including the professional qualifications, technical capabilities, track record, project team requirement and pricing terms of the construction service providers. Xiangsheng Construction has been and will be invited to participate in the tender process as one of the three qualified construction service providers. During the Track Record Period, we had engaged 28 service providers (including Xiangsheng Construction) to provide the Construction Services and all property projects undertaken by Xiangsheng Construction were awarded to it through invitation of tender. In the event that the fee quote under a tender bid submitted by a construction service provider is lower by 10% than (i) the second lowest fee quote among the tender bids submitted to our Group; (ii) the reference price as set out in the invitation to tender documents issued by us; and (iii) the average fee quotes under the tender bids submitted to our Group, we will commence internal procedure consider whether such fee quote is unreasonably low based on cost analysis and deem such tender bid invalid as appropriate.

Reasons for the transaction

We had engaged Xiangsheng Construction for the provision of the Construction Services for our property projects during the Track Record Period and as of the Latest Practicable Date through invitation of tender. For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, Xiangsheng Construction undertook 49, 86, 93 and 59 of our property projects, representing approximately 89.1%, 81.9%, 71.5% and 59.0% of the total number of our property projects where service fees for the Construction Services had been incurred during the corresponding period, and the amount of service fees paid by us to Xiangsheng Construction accounted for approximately 98.0%, 93.0%, 92.1% and 84.0% of the total revenue of Xiangsheng Construction of the corresponding period, respectively. During the Track Record Period, Xiangsheng Construction had 44 customers (including our Group). Xiangsheng Construction is one of our qualified construction service providers taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services and experience in handling our property projects. Considering that Xiangsheng Construction is familiar with our standards and requirements and is therefore able to accommodate the specific needs of our property projects, we believe it is in our interest to continue to engage Xiangsheng Construction to provide the Construction Services. Based on review of the terms of the construction service agreements entered into by our Group with Xiangsheng Construction and other independent construction service providers, our Directors and the Joint Sponsors are of the view that the terms of transactions with Xiangsheng Construction, including the pricing and credit terms, are comparable to the transactions with other independent construction service providers.

CONNECTED TRANSACTIONS

The transactions contemplated under the Construction Service Framework Agreement shall be on normal commercial terms or better and in accordance with the term that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, the transaction amounts for the Construction Services provided by Xiangsheng Construction to our Group amounted to approximately RMB4,386.3 million, RMB9,610.1 million, RMB9,832.4 million and RMB1,770.7 million, respectively.

The increase in the historical transaction amounts from the year ended December 31, 2017 to the year ended December 31, 2019 was primarily due to (i) the significant increase in the number of property projects under construction, which resulted in an increase in demand for the Construction Services; and (ii) the increase in material and labor costs in the PRC.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to Xiangsheng Construction in relation to the Construction Services for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB9,077.5 million, RMB11,324.4 million and RMB13,401.7 million, respectively.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

- (i) the outstanding contract value of the existing construction service agreements entered into between our Group and Xiangsheng Construction for the provision of the Construction Services by Xiangsheng Construction to our existing property projects, which amounted to RMB8,125.5 million as of January 1, 2020, of which RMB4,038.8 million had been settled as of the Latest Practicable Date. Such property projects will be completed at various times within the three years ending December 31, 2022;
- (ii) the contract value of the construction service agreements entered into between our Group and Xiangsheng Construction during the period from January 1, 2020 and up to the Latest Practicable Date for the provision of the Construction Services by Xiangsheng Construction to our existing property projects, RMB6,566.1 million of which will be settled during the three years ending December 31, 2022; and

CONNECTED TRANSACTIONS

- (iii) the projected contract value in respect of new property projects for which we will engage Xiangsheng Construction for the provision of the Construction Services for the three years ending December 31, 2022, which is estimated to be to RMB1,154.2 million, RMB6,789.8 million and RMB11,168.1 million for the years ending December 31, 2020, 2021 and 2022, respectively. Such projected contract value is estimated based on (a) the estimated GFA under construction for the three years ending December 31, 2022 which was determined with reference to our historical GFA under construction and our future property development plan; and (b) the estimated rates of service fees with reference to average service fees charged by Xiangsheng Construction for our property projects pursuant to the construction service agreements entered into between our Group and Xiangsheng Construction in 2020 taking into account the expected inflation in material and labor cost.

The increase in the relevant proposed annual caps are primarily due to (i) the continuous growth of the GFA of new property projects of our Group which are/will be under construction in the coming three years from approximately 7.4 million sq.m. for the year ending December 31, 2020 to approximately 8.2 million sq.m. and 9.0 million sq.m. for the years ending December 31, 2021 and 2022, respectively, estimated with reference to our future property development plan taking into account our business expansion plan to actively expand into cities with high potential; and (ii) the estimated continuous increase in the service fees for the Construction Services from approximately RMB2,200 per sq.m. for the year ending December 31, 2020 to approximately RMB2,310 per sq.m. and RMB2,426 per sq.m. for the years ending December 31, 2021 and 2022, respectively, estimated with reference to the expected increase in material and labor costs in the PRC with a CAGR of 5%, taking into account the slight decrease in the proportion of the amount of the projected contract value of the Construction Services for our property projects to be awarded to Xiangsheng Construction, which is estimated to be approximately 72%, 70% and 68% for the years ending December 31, 2020, 2021 and 2022, respectively.

Implications under the Listing Rules

Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is in turn owned as to 99% by Mr. Chen, our Controlling Shareholder and executive Director, and 1% by Mr. Chen Hongni, Mr. Chen's son and our executive Director. Xiangsheng Construction is therefore an associate of both Mr. Chen and Mr. Chen Hongni and thus a connected person of our Company upon Listing. Accordingly, the transactions under the Construction Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

CONNECTED TRANSACTIONS

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Construction Service Framework Agreement are expected to be more than 5% on an annual basis, the transactions under the Construction Service Framework Agreement will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described under “— B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular, Independent Shareholders' Approval Requirement” above constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirement of the Listing Rules.

The transactions described under “— C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” above constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders' Approval Requirement” above and (ii) the announcement, Circular and Independent Shareholders' Approval Requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” above, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

We will fully comply with the requirements under Chapter 14A of the Listing Rules (other than those exempted) for our continuing connected transactions. Upon the expiration of the above waivers granted by the Stock Exchange on December 31, 2022, we will comply with the then applicable Listing Rules for our non-exempt continuing connected transactions.

If any of the terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreement with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules, unless we apply for and separate waiver is obtained from, the Stock Exchange.

CONNECTED TRANSACTIONS

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under “— B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders’ Approval Requirement” above and “— C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements” above have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. In addition, our Directors consider that entering into the Trademark Licensing Agreement with a term of more than three years, details of which are described under “— A. Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements”, can ensure the stability of our operations, and is beneficial to the interests of our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are of the view that the annual caps of the continuing connected transactions under “— B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders’ Approval Requirement” above and “— C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements” above are fair and reasonable and are in the interests of our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the relevant documents and information provided by our Group, the participation in the due diligence and discussions with our management and our PRC Legal Advisors, and necessary representations and confirmations from our Company and our Directors, the Joint Sponsors are of the view (i) that the continuing connected transactions described in “— B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders’ Approval Requirement” above and “— C. Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements” above, and for which waivers have been sought, have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The following table sets forth certain information in respect of members of our Board and senior management of our Company:

Members of our Board

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Existing position in our Group</u>	<u>Roles and responsibilities in our Group</u>	<u>Relationship with other Directors and senior management</u>
Mr. Chen Guoxiang (陳國祥)	69	January 4, 1995	December 13, 2019	Chairman of the Board and executive Director	Responsible for formulating the overall business direction and strategic development of our Group	Father of Mr. Chen Hongni
Mr. Chen Hongni (陳弘倪)	37	November 1, 2012	May 21, 2020	Executive Director, chief executive officer and president	Responsible for overseeing the overall business management of our Group and operations of our property projects	Son of Mr. Chen
Ms. Yao Xiaozhen (姚筱珍)	55	November 1, 2015	May 21, 2020	Executive Director and vice president	Responsible for overseeing finance and fund management of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Existing position in our Group</u>	<u>Roles and responsibilities in our Group</u>	<u>Relationship with other Directors and senior management</u>
Mr. Zhao Leiyi (趙磊義)	58	August 27, 2007	May 21, 2020	Executive Director and vice president	Responsible for overseeing the management of key property projects of our Group	Nil
Mr. Wong Kon Man Jason (王幹文)	56	October 20, 2020	October 20, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil
Mr. Ding Jiangang (丁建剛)	57	October 20, 2020	October 20, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil
Mr. Ma Hongman (馬紅漫)	44	October 20, 2020	October 20, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Members of our senior management

Name	Age	Date of joining our Group	Date of appointment to current position	Existing position in our Group	Roles and responsibilities in our Group	Relationship with other Directors and senior management
Mr. Gu Jianjun (顧建軍)	44	September 19, 2016	February 19, 2019	President of our business operation in South Zhejiang area	Responsible for overseeing our daily operations in South Zhejiang area	Nil
Mr. Zhong Chao (鍾超)	46	December 1, 2016	October 14, 2019	General vice president of our business operation in North Zhejiang area	Responsible for overseeing our daily operations in North Zhejiang area	Nil
Mr. Guo Zheng (郭政)	39	April 23, 2018	April 23, 2018	Vice president	Responsible for strategic planning, brand management, presidents' office work, legal affairs and risk management of our Group	Nil
Mr. Han Bo (韓波)	46	July 23, 2018	July 23, 2018	Vice president	Responsible for overseeing the construction and contract center of our Group	Nil
Mr. Chen Jianxi (陳建熙)	40	August 27, 2018	August 27, 2018	Vice president	Responsible for overseeing the management of product design center and investment and development center of our Group	Nil
Mr. Tan Mingheng (談銘恒)	44	October 15, 2019	October 15, 2019	Vice president, chief financial officer and joint company secretary	Responsible for overseeing the financing operations of capital market and company secretarial affairs of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chen Guoxiang (陳國祥), aged 69, founded our Group in 1995. Mr. Chen was appointed as our Director on December 13, 2019 and was re-designated as our executive Director and appointed as the chairman of our Board on May 21, 2020. Mr. Chen is primarily responsible for formulating the overall business direction and strategic development of our Group. Mr. Chen has been the chairman of Shinsun Property and Xiangsheng Industrial since January 1995 and July 1995, respectively. Mr. Chen also serves as a director of our various subsidiaries. From November 2014 to December 2018, Mr. Chen successively served as a director and the vice chairman of the 7th board of directors and a director of the 8th board of directors of Great Wall International ACG Co., Ltd. (長城國際動漫遊戲股份有限公司) (formerly known as Sichuan Great Wall International ACG Co., Ltd. (四川長城國際動漫遊戲股份有限公司) and Sichuan Shengda Industrial Co., Ltd. (四川聖達實業股份有限公司)), a company engages in the animation industry, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000835.SZ). Mr. Chen is the father of Mr. Chen Hongni, our executive Director, chief executive officer and president.

Mr. Chen has over 27 years of experience in the PRC real estate industry. Prior to founding our Group in January 1995, Mr. Chen established Zhejiang Zhuji Xiangsheng Enterprise Development Co., Ltd. (浙江省諸暨市祥生實業開發總公司), a company engaged in real estate property development in Zhejiang Province of the PRC, in June 1993 and acted as its chairman and general manager.

Mr. Chen obtained the qualification of senior economist from Zhejiang Zhuji Personnel Bureau (浙江省諸暨市人事局) of the PRC in December 2003. Mr. Chen has successively served as a council member and an executive council member of the 7th and 8th Council of the China Real Estate Industry Association (中國房地產業協會) from May 2014 to December 2018 and from May 2019 till now, respectively. He was also appointed as the vice chairman of the New Urbanization Committee of the General Association of Zhejiang Entrepreneurs (浙商總會新城鎮產業委員會) in April 2019 and the honorary chairman of Zhoushan Charity General Association (舟山市慈善總會) in June 2019.

Mr. Chen has received multiple awards in recognition of his experience in the real estate industry. He was named as one of the “Top 10 Leading Persons in Residential Property Industry in Zhejiang Province” (浙江省住宅產業十大領軍人物) in 2004, 2008, 2010, 2011 and 2014 and was awarded the “Outstanding Economic Contribution in Zhuji City of Zhejiang Province” award in 2006, 2007, 2019 and 2020. In 2008, Mr. Chen was recognised as one of the “Top 100 Outstanding China Real Estate Entrepreneurs in 2008” (2008中國百名優秀房地產企業家) by All-China Federation of Industry and Commerce (全國房地產商會聯盟). He was awarded the “2012 Shaoxing Charity Star” (紹興市慈善之星) by Shaoxing City Charity Federation (紹興市慈善總會) in 2012 and “5th Charity Award of Zhejiang Province” (浙江省第五屆浙江慈善獎) by the People’s Government of Zhejiang Province (浙江省人民政府) in 2016. Mr. Chen was also awarded the “Economic Development Merit Award” (經濟發展功勛獎) by Shaoxing Development Conference (紹興發展大會) and the “Golden Narcissus Award” (金水仙獎) by 2019 World Zhoushanese Congress (2019世界舟山人大會) in 2018 and 2019, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen was a director of Zhuji Fuerda Clothing Embroidery Co., Ltd. (諸暨市福爾達服裝刺繡有限公司) (“**Fuerda Clothing**”), a company established in the PRC. On August 16, 2005, the business license of Fuerda Clothing was revoked. Mr. Chen confirmed that, to the best of his knowledge and belief, Zhuji Fuerda was solvent as at the time when its business license was revoked and as of the Latest Practicable Date, no claims had been made against him and he was not aware of any actual or potential claim that has been or will be made against him as a result of the revocation of license of Fuerda Clothing.

Mr. Chen Hongni (陳弘倪), aged 37, was appointed as our executive Director and chief executive officer on May 21, 2020. He has been our president since January 2019 and is primarily responsible for overseeing the overall business management and operations of the property projects of our Group. He is also a director of our various subsidiaries. Mr. Chen Hongni is the son of Mr. Chen, our founder, a Controlling Shareholder, an executive Director and the chairman of our Board.

He has over seven years of experience in the PRC real estate industry. He joined our Group in November 2012 as the general manager of the hotel management company of Xiangsheng Industrial Group, where he was responsible for overseeing the overall operations of the hotels. From November 2014 to December 2017, Mr. Chen served as the chairman of our branch company in Zhuji City, where he was responsible for overseeing the operations and management of our project companies in Zhuji area. From December 2017 to January 2019, he served as the executive president of Shinsun Property, where he assisted the president in the overall business management of Shinsun Property.

Since July 2016, Mr. Chen Hongni has served as the vice chairman of the Zhuji Young Entrepreneurs Association (諸暨市新生代企業家協會) of the Zhuji city in the PRC.

Mr. Chen Hongni obtained a bachelor’s degree in general studies (business management) from Fort Hays State University in the United States in May 2010.

Ms. Yao Xiaozhen (姚筱珍), aged 55, was appointed as our executive Director on May 21, 2020. She joined our Group in November 2015 as our vice president and is primarily responsible for overseeing finance and fund management of our Group.

Prior to joining our Group, from November 2002 to September 2011, Ms. Yao served as a director and the chief financial officer of Zhejiang Golden Shining Real Estate Group Co., Ltd. (浙江金昌房地產集團股份有限公司), a real estate company in the PRC, where she was responsible for overseeing group’s financial matters. From October 2011 to September 2015, she served as the vice president of Bodi Holding Group Co., Ltd. (博地控股集團有限公司), a real estate company in the PRC, where she was mainly responsible for overseeing group’s financial matters.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yao has been a certified accountant (註冊會計師) as certified by Zhejiang Certified Public Accountant Association (浙江省註冊會計師協會) since November 2001, a level-one constructor (一級建造師) as certified by Zhejiang Office of Personnel (浙江省人事廳) since April 2006, a senior accountant (高級會計師) as certified by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) since May 2004 and a certified valuer (註冊評估師) as certified by China Appraisal Society (中國資產評估協會) since June 1998. Ms. Yao obtained a diploma in accounting from Southwest Normal University (西南師範大學) in the PRC in October 2004 and a senior executive master of business administration (EMBA) (高級管理人員工商管理) degree from Xiamen University (廈門大學) in the PRC in June 2019.

Ms. Yao was a director of Ou Xin Yuan (HK) Technology Co., Limited (“**Ou Xin Yuan**”), a company incorporated in Hong Kong. On October 25, 2019, Ou Xin Yuan was dissolved by striking off pursuant to section 746 of the Companies Ordinance, which provides that the Registrar of Companies in Hong Kong can strike off a company’s name from the Companies Register. Ms. Yao confirmed that, to the best of her knowledge and belief, Ou Xin Yuan was solvent as at the time of dissolution and as of the Latest Practicable Date, no claims had been made against her and she was not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution of Ou Xin Yuan.

Mr. Zhao Leiyi (趙磊義), aged 58, was appointed as our executive Director on May 21, 2020. Mr. Zhao has over 12 years of experience in the real estate industry. He joined our Group in August 2007 as our vice president and he is responsible for overseeing the management of key property projects of our Group.

Mr. Zhao graduated from Zhejiang Open University (浙江廣播電視大學) (majoring in finance) in the PRC in August 1986. He has completed a degree course in legal studies provided by China Agricultural University (中國農業大學) in the PRC in January 2005 through distance learning and the Senior Marketing Professional Managers Training Course (高級職業經理訓練班) provided by Tsinghua University (清華大學) in the PRC in April 2006.

Independent non-executive Directors

Mr. Wong Kon Man Jason (王幹文), aged 56, was appointed as an independent non-executive Director on October 20, 2020.

Mr. Wong has over 26 years of experience in fund management and capital market investment. From December 1992 to May 1993 and from January 1989 to September 1992, Mr. Wong was employed as a senior accountant II by Ernst & Young in Hong Kong and a senior auditor by Clay & Co. CPA in the USA, respectively. From May 1993 to February 2000, he served as a financial consultant of Transpac Capital Limited, one of the largest and oldest private equity funds and venture capital funds in Asia, where he was mainly responsible for financial due diligence, financial risk management and investment management. Since March 2000, he has been the managing director of Fortune Capital Group Limited, an investment company, where he is mainly responsible for corporate investment business planning, investment project evaluation and investment management. Since April 2013, he has served as the founding shareholder, director, and investment committee member of Whiz Partners Asia

DIRECTORS AND SENIOR MANAGEMENT

Limited, a company which manages the fund investment strategies of companies in Japan and other Asian countries, where he is mainly responsible for investment project evaluation and formulation of investment strategies.

Mr. Wong has been or was an independent non-executive director of the following listed companies:

<u>Name of company</u>	<u>Period of service</u>	<u>Stock code and place of listing</u>	<u>Principal business</u>
1. Bamboos Health Care Holdings Limited (百本醫護控股有限公司)	January 2019 — present	Main Board of the Stock Exchange: 2293	Provision of healthcare services
2. China International Development Corporation Limited (中聯發展控股集團有限公司) (<i>formerly known as Ascent International Holdings Limited (中璽國際控股有限公司)</i>)	October 2017 — August 2018	Main Board of the Stock Exchange: 264	Leather products-related businesses
3. DT Asia Investments Limited (<i>now trading as “China Lending Corporation Limited”</i>)	September 2014 — June 2016	NASDAQ: CADTU (<i>now trading as CLDC</i>)	Provision of loan facilities to micro, small and medium sized enterprises
4. Neo-Neon Holdings Limited (真明麗控股有限公司)	November 2011 — September 2014	Main Board of the Stock Exchange: 1868	Manufacture and distribution of decorative lighting products
5. Polyard Petroleum International Group Limited (百田石油國際集團有限公司)	May 2010 — October 2013	GEM of the Stock Exchange: 8011	Exploration, exploitation and development of oil, natural gas and coal
6. China Shen Zhou Mining & Resources, Inc.	July 2009 — December 2011	NYSE American Stock Exchange: SHZ	Mining and processing of fluorite and nonferrous metals
7. Rare Earth Magnesium Technology Group Holdings Limited (稀鎂科技集團控股有限公司) (<i>formerly known as Group Sense (International) Limited (權智(國際)有限公司)</i>)	September 2004 — March 2015	Main Board of the Stock Exchange: 601	Design and manufacture of handheld products

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since February 1993 and a member of the American Institute of Certified Public Accountants since June 1992. Mr. Wong served as a member of the Jiu Yuan District, Baotou City, 8th Committee of the Chinese People's Political Consultative Conference, the PRC from November 2012 to November 2016. Mr. Wong obtained a bachelor's degree in business administration (majoring in accounting) from the University of Hawaii at Manoa in the United States in December 1988.

Mr. Ding Jiangang (丁建剛), aged 57, was appointed as an independent non-executive Director on October 20, 2020.

Mr. Ding has approximately 30 years of experience in the media industry. From November 1985 to April 1989, Mr. Ding was the teacher and leader of the teaching and research group of building structure of Zhejiang Construction Industrial College (浙江省建築工業學校), where he was responsible for teaching building structure courses and management of the teaching and research group. From April 1989 to September 2008, he was the journalist and producer of Zhejiang Radio & TV Group (浙江廣播電視集團), a group engaged in publication and sales of newspaper, magazines and videos, where he was responsible for production of property programs. From September 2008 to February 2013, he was the assistant supervisor of the economic department of, and the vice chief editor of the website "Live in Hangzhou" of, Zhejiang Online News Website Co., Ltd. (浙江在線新聞網站有限公司), a company engaged in online news publication, where he was responsible for researching financial properties and providing commentaries. From March 2013 to May 2014, Mr. Ding was the head of Hangzhou Joint Founder Information Technology Co., Ltd. (杭州中房信息科技有限公司), which is engaged in the provision of market analysis of real estate industry, and was responsible for research on real estate policy and real estate market. Since January 2019, Mr. Ding has been an independent non-executive director of Dexin China Holdings Company Limited (德信中國控股有限公司), a PRC property developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 2019). Since February 21, 2019, Mr. Ding has been an independent non-executive director of Binjiang Service Group Co. Ltd., a property management service provider whose shares are listed on the Main Board of the Stock Exchange (stock code: 3316). Since May 2014, Mr. Ding has been the dean of Zhejiang Daily Media Real Estate Institute (浙報傳媒地產研究院), which is engaged in the provision of market analysis of real estate industry, and is responsible for research on real estate policy and real estate market. He has also been serving at Zhejiang Real Estate Institute (浙江房地產業協會) as a council member and is responsible for research in relation to policies and market trends in the real estate industry since October 2017.

Mr. Ding obtained a bachelor's degree in civil engineering (工業與民用建築專業) from Xi'an University of Architecture and Technology (西安建築科技大學) (formerly known as Xi'an Metallurgy Architecture College (西安冶金建築學院)), in the PRC, in July 1983.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Hongman (馬紅漫), aged 44, was appointed as an independent non-executive Director on October 20, 2020.

Mr. Ma has more than 16 years of experience in the media industry. From April 2002 to April 2017, he served as a producer and host of various financial television programs for Shanghai First Financial Media Co., Ltd. (上海第一財經傳媒有限公司). From September 2014 to August 2016, he served as an external postgraduate adviser of master of finance (金融碩士專業學位研究生校外指導老師) in Tonji University (同濟大學) in the PRC. From April 2017 to April 2020, he served as the director and a senior researcher of the Institute of Enterprises Competitiveness (企業競爭力研究所) under the Institute of Chinese Enterprises Development of Shanghai Jiao Tong University (上海交通大學中國企業發展研究院). Since April 2017, Mr. Ma has been a director and president of Shanghai Youera Media Co., Ltd. (上海約珥傳媒有限公司), a media company, where he oversees the business operation, and a member of the experts committee of Shanghai Brand Development Center (上海品牌促進中心). Since December 2018, he has been a guest lecturer of SILC Business School of Shanghai University (上海大學悉尼工商學院) for a period of three years.

Mr. Ma obtained the qualification of an international actuary (國際註冊精算師) from the USA Federal International Qualification Authentication Corp. (美國聯邦國際資格認證協會) in September 2017. He was named as one of “2011-2012 Top Ten Young Economic Figures in Shanghai” (2011年-2012年上海十大青年經濟人物) by Shanghai Young Entrepreneurs Association (上海市青年企業家協會) in March 2013, and “Shanghai Top Ten Outstanding Youth” (上海十大傑出青年) by the 18th Shanghai Top Ten Outstanding Youth Selection Activity Group (第十八屆上海十大傑出青年評選活動組) formed by representatives of various organizations including Shanghai Youth Federation, Xinhua News Agency (Shanghai branch), Shanghai Television Station and Liberation Daily Newspaper Group in December 2015. He was also awarded the “Shanghai Youth May Fourth Medal” (上海市青年五四獎章) by the Central Committee of the Communist Youth League (共青團上海市委員會) and Shanghai Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in May 2014.

Mr. Ma obtained a master’s degree in industrial economics from Shanghai University (上海大學) in the PRC in April 2002 and a doctorate degree in economics from Shanghai Academy of Social Sciences (上海社會科學院) in the PRC in July 2007.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this Prospectus.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (b) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Gu Jianjun (顧建軍), aged 44, joined our Group in September 2016 as the general manager of our city companies in Quzhou area, where he was responsible for overseeing our daily operations and management of our city companies in Quzhou area. Since February 2019, he has been our president of our business operations in South Zhejiang area, where he is responsible for overseeing our daily operations in South Zhejiang area.

Mr. Gu has over 16 years of experience in the PRC real estate industry. Prior to joining our Group, Mr. Gu served in various real estate companies in the PRC where he was responsible for overseeing property projects. From July 2010 to September 2016, he has served as an assistant to the general manager of Tianyang Real Estate Co., Ltd. (天陽置業有限公司) (formerly known as Sunny-Sky Real Estate Co., Ltd. (天陽置業有限公司)) and with his last position as the director of project operation and engineering management department quality control division (項目運營與工程管理部質量管理部總監), where he was mainly responsible for property projects operation and management.

Mr. Gu has been a qualified civil engineer as certified by Zhejiang Office of Personnel (浙江省人事廳) since June 2003. He obtained a bachelor's degree in civil engineering (industrial and civil construction direction) from Chongqing University (重慶大學) in the PRC in January 2017, through distance learning. He also completed the domestic part of Wharton & E-House (China) Real Estate Executive Program provided by E-House-Wharton Case Study and Teaching Facility in March 2018.

Mr. Zhong Chao (鍾超), aged 46, joined our Group in December 2016 and has successively served as a general manager of our project company in Wuhu, vice general manager of our city companies in Hangjia area and regional assistant to the president of our business operations in North Zhejiang area. Since October 2019, he has been the regional general vice president of our business operation in North Zhejiang area, where he is responsible for overseeing our daily operations in North Zhejiang area.

Prior to joining our Group, from April 2007 to December 2016, Mr. Zhong served as the general manager at Zhejiang Zhuji Tianma Experimental School (浙江天馬教育實業有限公司), a real estate project company, where he was responsible for the management of the company's business.

Mr. Zhong has been a qualified civil engineer as certified by Shaoxing City Educational Training Group (紹興市職稱改革領導小組) since October 2002. He has obtained a bachelor's degree in the operation and management of real estate (房地產經營管理) from Zhejiang University of Technology (浙江工業大學) in the PRC in July 1997. He also completed the Wharton & E-House Real Estate Executive Program provided by E-House-Wharton Case Study and Teaching Facility in April 2019.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Guo Zheng (郭政), aged 39, joined our Group as our vice president in April 2018 and was primarily responsible for overseeing strategic planning, brand management, president's office work, legal affairs and risk management of our Group.

Mr. Guo has over seven years in the PRC real estate industry. Prior to joining our Group, Mr. Guo was a television program planner of Fujian Media Group (福建省廣播影視集團) from August 2006 to August 2009 and a news reporter of Fujian Daily Newspaper Group (福建日報報業集團) from August 2009 to September 2013. From August 2013 to April 2017, Mr. Guo served as the general manager of the brand management department of Zhenro Group Co., Ltd. (正榮集團有限公司), a company mainly engaged in real estate, industry and investment, and promoted as the supervisor of the board of director's office from May 2017 to April 2018, where he was mainly responsible for administration matters and integrated management.

Mr. Guo obtained a bachelor's degree in Chinese literature from the Peking University (北京大學) in the PRC in July 2002.

Mr. Han Bo (韓波), aged 46, joined our Group as our vice president. He was our president in Suwan region where he responsible for overseeing our daily operation in Suwan region from July 2018 to February 2020. Since January 2020, he has been responsible for overseeing the construction and contract center of our Group.

He has over 22 years of experience in the PRC real estate industry. From November 1998 to December 2014, he served as an executive general manager of Greentown China Holdings Limited (綠城中國控股有限公司), a real estate development company whose shares are listed on the Main Board of the Stock Exchange (stock code: 03900), where he was mainly responsible for overseeing daily operation of the group's products and projects. From January 2015 to July 2018, he served as the regional vice president of Sunac China Holdings Ltd. (stock code: 01918) (Tianmao Properties (Nanjing) Limited), where he was mainly responsible for overseeing the group's regional business operations.

Mr. Han is a qualified civil engineer as certified by Economic and Trade Commission of Zhejiang Province (浙江省經濟貿易委員會) since December 2002. He obtained a bachelor's degree in engineering from Zhejiang University (浙江大學) in the PRC in July 1996.

Mr. Chen Jianxi (陳建熙), aged 40, joined our Group as our vice president in August 2018 and is responsible for overseeing the management of product design center and investment and development center of our Group since January 2020. From August 2018 to January 2020, Mr. Chen Jianxi has been responsible for overseeing the management of our product design center and construction and contract center. From February 2019 to January 2020, Mr. Chen Jianxi also served as our regional president in North Zhejiang region, where he was responsible for overseeing our business operations in North Zhejiang region.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Jianxi has over 15 years of experience in the PRC real estate industry through working in various real estate development companies. From December 2005 to January 2008, Mr. Chen served as the person-in-charge for project development of the research and development department of Chongqing Longhu Properties Co., Ltd. (重慶龍湖地產發展有限公司), which is a subsidiary of Longfor Properties Co. Ltd. (a real estate company whose shares are listed on the Main Board of the Stock Exchange (stock code: 0960)). Mr. Chen Jianxi was mainly responsible for supervising the property project development department. From March 2008 to July 2015, he served in Chongqing Xiexin Holdings (Group) Co., Ltd. (重慶協信控股(集團)有限公司), with his last position as the general manager of the property development department and the general manager of business operation in Xi'an area, where he was mainly responsible for overseeing business operations in Xi'an area, where he was responsible for the overall project research and design management of the group's research center. From June 2015 to June 2017, he served as the vice president of Zhenro Properties Holding Company Limited (正榮地產控股股份有限公司), which is a subsidiary of Zhenro Properties Group Limited (a real estate company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 6158)). Mr. Chen Jianxi was mainly responsible for the integrated management of design, cost, construction and procurement centers. From September 2017 to September 2018, he served as the product vice president of Sichuan Languang Development Co., Ltd. (四川藍光和駿實業有限公司), a property management service provider, where he was mainly responsible for product development and management.

Mr. Chen Jianxi obtained a bachelor's degree in architecture and a master's degree in architectural design and theory from Chongqing University (重慶大學) in the PRC in June 2003 and June 2007, respectively.

Mr. Tan Mingheng (談銘恒), aged 44, joined our Group as our vice president in October 2019 and was appointed as one of our joint company secretaries and our Chief financial officer on May 21, 2020 and May 26, 2020, respectively. He is primarily responsible for overseeing the financial operations of capital market and company secretarial affairs of our Group.

He has over 20 years of finance experience. Prior to joining our Group, he served as a senior auditor in Ernst & Young Hua Ming LLP from September 1998 to December 2000. From January 2001 to March 2008, he served in the Shanghai Branch of KPMG Huazhen LLP and his last position was senior manager. Mr. Tan has also served in various real estate development companies in the PRC. From April 2008 to January 2013, he served as the director of the risk management department in Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)有限公司) ("**Jingrui Properties**"), where he was mainly responsible for risk management. Mr. Tan was appointed as the chief financial officer and the officer in charge of audit legal affairs of Jingrui Holdings Limited (景瑞控股有限公司), a real estate company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1862), in January 2013 and served as so till August 2015. From August 2015 to March 2016, he served as the chief financial officer of Zhenro Group Co., Ltd. (正榮集團有限公司), a real estate company. From March 2016 to September 2017, he served as chief financial officer and the board secretary of Zhenro Properties Holdings Company Limited. From September 2017 to November 2018, he served in the group comprising Zhenro Properties Group Limited (正榮地產集團有限公司) (Stock Code:

DIRECTORS AND SENIOR MANAGEMENT

6158), a real estate company whose shares are listed on the Main Board of the Stock Exchange, and its subsidiaries and his last positions included chief financial officer and joint company secretary, where he was responsible for overall financial and capital operation of the group. From November 2018 to October 2019, he served as the vice president and chief financial officer of Orsun Holdings Limited (奧山控股有限公司), a real estate property developer, where he was responsible for overseeing the financial matters of the Group.

Mr. Tan has been a certified public accountant as credentialed by Shanghai Institute of Certified Public Accountant since 2009. He obtained a bachelor's degree in economics majoring in international finance from the Shanghai University (上海大學) in the PRC in July 1998. He also obtained an executive master of business administration (EMBA) degree from Fudan University (復旦大學) in the PRC in June 2013. In November 2002, he was recognised as a certified internal auditor by China Institute of Internal Auditors with the authorization from the Institute of Internal Auditors.

JOINT COMPANY SECRETARIES

Mr. Tan Mingheng (談銘恒), our vice president and chief financial officer, was appointed as one of our joint company secretaries on May 21, 2020. For biographical details of Mr. Tan, please refer to “Senior Management — Mr. Tan Mingheng (談銘恒)” in this section.

Ms. Chen Chun (陳淳) was appointed as one of our joint company secretaries on May 21, 2020. Ms. Chen joined SWCS Corporate Services Group (Hong Kong) Limited in December 2013, and currently serves as a company secretarial executive providing support and advisory on listed companies' company secretarial work and compliance matters.

Ms. Chen obtained her bachelor's degree in economics from Shanghai Finance University (上海金融學院) in the PRC in July 2010. Ms. Chen was admitted as an associate of The Hong Kong Institute of Chartered Secretaries and elected associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom in March 2016.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in relation to company secretary. For details, see the section headed “Waivers from Strict Compliance with the Requirements under the Listing Rules.”

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

DIRECTORS AND SENIOR MANAGEMENT

Audit committee

Our Group has established the Audit Committee on October 20, 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman. Mr. Wong Kon Man Jason has been appointed as the chairman of the Audit Committee as he has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

Remuneration committee

Our Group has established the Remuneration Committee on October 20, 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Ding Jiangang, Mr. Chen Hongni and Mr. Ma Hongman. Mr. Ding Jiangang has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination committee

Our Group has established the Nomination Committee on October 20, 2020 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Chen Guoxiang, Mr. Ding Jiangang and Mr. Ma Hongman. Mr. Chen Guoxiang has been appointed as the chairman of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. Our Directors have a balanced mix of experiences, including overall management, brand improvement, business development, legal, finance, auditing and accounting experiences. Furthermore, the ages of our Directors range from 36 years old to 68 years old. While our Group recognizes that the gender diversity at the Board level can be improved given its current composition of six male and one female, our Group will continue to apply the principle of appointments based on merits with reference to our board diversity policy as a whole and our Group will continue to take steps to promote gender diversity at all levels of our Company.

After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after Listing.

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including salaries, allowances and benefits in kind, pension scheme contributions and social welfare) paid to our Directors for the years ended December 31, 2017, 2018, 2019 and the four months ended April 30, 2020 was approximately RMB1.6 million, RMB16.8 million, RMB13.3 million and RMB3.8 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of salaries, allowances and benefits in kind, pension scheme contributions and social welfare paid to our five highest paid individuals in respect of the years ended December 31, 2017, 2018, 2019 and the four months ended April 30, 2020 was approximately RMB2.8 million, RMB21.3 million, RMB20.7 million and RMB5.1 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2017, 2018, 2019 and the four months ended April 30, 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2020 is estimated to be no more than RMB12.0 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in “Statutory and General Information — D. Share Option Scheme” in Appendix V to this Prospectus.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

Our Company has appointed Maxa Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;
- where our Company proposes 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 deviate from any forecast, estimate or other information in this Prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the Listing Date and end on the date on which our Company distribute 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, the following persons will, immediately prior to and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Shares held as of the date of this Prospectus immediately prior to the completion of the Capitalization Issue and the Global Offering ⁽¹⁾		Shares held immediately following the completion of the Capitalization Issue and the Global Offering	
		Number	Approximate Percentage	Number	Approximate Percentage
Mr. Chen	Founder of a trust ⁽²⁾	990 Shares (L)	99%	2,376,000,000 Shares (L)	79.2%
TMF (Cayman) Ltd.	Trustee of a trust ⁽²⁾	990 Shares (L)	99%	2,376,000,000 Shares (L)	79.2%
Shinfamily Holdings	Interest in a controlled corporation ⁽²⁾	990 Shares (L)	99%	2,376,000,000 Shares (L)	79.2%
Shinlight Limited	Beneficial owner ⁽²⁾	990 Shares (L)	99%	2,376,000,000 Shares (L)	79.2%
Ms. Zhu Guoling	Interest of spouse ⁽³⁾	990 Shares (L)	99%	2,376,000,000 Shares (L)	79.2%

Notes:

- (1) The letter “L” denotes a long position in our Shares.
- (2) The entire issued share capital of Shinlight Limited is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd.. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen as settlor, the beneficiaries of which are Mr. Chen and his family members. Accordingly, each of Mr. Chen, TMF (Cayman) Ltd. and Shinfamily Holdings is deemed under the SFO to be interested in the Shares held by Shinlight Limited.
- (3) Ms. Zhu Guoling is the spouse of Mr. Chen. Under the SFO, Ms. Zhu Guoling is deemed to be interested in the same Shares in which Mr. Chen is interested.

If the Over-allotment Option is fully exercised, the interest of Mr. Chen, TMF (Cayman) Ltd., Shinfamily Holdings, Shinlight Limited and Ms. Zhu Guoling in our Shares will be approximately 76.9%, 76.9%, 76.9%, 76.9% and 76.9%, respectively.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed in this Prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme):

		<u>Nominal value</u> (US\$)
Authorized share capital:		
20,000,000,000	Shares of US\$0.01 each	200,000,000
Issued and to be issued, fully paid or credited as fully paid:		
1,000	Shares in issue as of the date of this Prospectus	10
2,399,999,000	Shares to be issued pursuant to the Capitalization Issue	23,999,990
<u>600,000,000</u>	Shares to be issued under the Global Offering	<u>6,000,000</u>
<u>3,000,000,000</u>	Total	<u>30,000,000</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalization Issue and the Global Offering are made. It takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares that may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buyback Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this Prospectus 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 save for the entitlement under the Capitalization Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in “Statutory and General Information — D. Share Option Scheme” in Appendix V to this Prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE AND ALLOT SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to issue, allot and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

- (1) 20% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme); and
- (2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buyback Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, issue, allot or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any options that may be granted under the Share Option Scheme.

This general mandate will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or
- (iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in “Statutory and General Information — A. Further information about our Company — 4. Written resolutions of our Shareholders passed on October 20, 2020” in Appendix V to this Prospectus.

GENERAL MANDATE TO BUYBACK SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buyback Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme).

SHARE CAPITAL

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — A. Further information about our Company — 6. Buyback by our Company of our own securities” in Appendix V to this Prospectus.

This general mandate to buyback Shares will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or
- (iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in “Statutory and General Information — A. Further information about our Company — 4. Written resolutions of our Shareholders passed on October 20, 2020” in Appendix V to this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which carries the same rights as the other Shares.

As a matter of the Cayman Islands Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in “Summary of the constitution of our Company and Cayman Islands Companies Law” in Appendix IV to this Prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited combined financial information set forth in our Accountants' Report included in Appendix I to this Prospectus. Our audited combined financial information was prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contain certain forward-looking statements which involve risks and uncertainties. These forward-looking statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA during the Track Record Period. According to the China Real Estate Index System, we were ranked third among all residential property developers in Zhejiang Province in 2019 in terms of contracted sales. According to CRIC, we were ranked the 28th among all the developers in the PRC in 2019 in terms of contracted sales. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among "China Top 100 Real Estate Developers" in three consecutive years since 2018. We were also awarded "Top 30 Brand of China Real Estate Companies" by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a "1+1+X" expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our "1+1+X" strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans. During the Track Record Period, our "1+1+X" expansion strategy has led to significant growth in our business. Our revenue increased from RMB6,293.3 million in 2017 to RMB14,215.3 million in 2018, and further to RMB35,519.5 million in 2019, representing a CAGR of 137.6%. Our

FINANCIAL INFORMATION

revenue increased by 123.0% from RMB3,835.1 million in the four months ended April 30, 2019 to RMB8,551.9 million in the four months ended April 30, 2020. Our “1+1+X” strategy contributed to the continuous improvements of our financial performance during the Track Record Period, primarily due to the delivery of an increasing amount of property projects which have been acquired and developed as a result of the implementation of the “1+1+X” strategy since 2016. Our recognized GFA increased from approximately 838,289 sq.m. in 2017 to approximately 1,422,554 sq.m. in 2018, and further to approximately 3,488,380 sq.m. in 2019, representing a CAGR of 104.0%. Our recognized GFA increased by 107.8% from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 27th in 2020.

We recorded a net loss for the year/period of RMB285.9 million and RMB115.6 million in 2017 and the four months ended April 30, 2019, respectively, and managed to improve our performance in 2018 and 2019 and the four months ended April 30, 2020. Our net profit amounted to RMB427.9 million in 2018 and increased significantly to RMB3,209.0 million in 2019. Our net profit in the four months ended April 30, 2020 was RMB600.3 million. For a more detailed discussion of the improvement in our revenue and net profit during the Track Record Period, see “— Period to Period Comparison of Results of Operations.”

BASIS OF PRESENTATION

We were incorporated as an exempted company with limited liability under the laws of the Cayman Islands on December 13, 2019. As disclosed in “History, Reorganization and Corporate Structure — Reorganization” in this Prospectus, our Company became the holding company of the companies now comprising our Group on May 20, 2020. As the Reorganization involved inserting new holding companies at the top of an existing company and has not resulted in a change in economic substance, the financial information for the Track Record Period has been presented as a continuation of the then holding company by applying the principals of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

Our combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the Track Record Period included the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of the financial position of the Group as of December 31, 2017, 2018 and 2019 and April 30, 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders’ perspective. No adjustments have been made to reflect fair values, or recognize any new assets or liabilities because of the Reorganization.

FINANCIAL INFORMATION

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 in applying the principles of merger accounting. Profit or loss is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on combination in full.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, many of which are beyond our control. See “Risk Factors.” Some of the key factors include, without limitation, the following.

Economic Conditions and Regulatory Environment in the PRC

The overall economic growth and urbanization in the cities and regions where we operate and intend to operate are expected to continue to impact our business and results of operations. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy, as well as the macroeconomic, fiscal and monetary policies of the PRC Government. Such macroeconomic dynamics and policies have in the past affected and are likely to continue to affect the trends of property supply, demand and pricing in cities and regions where we operate and intend to operate.

In addition, our business and results of operations have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to the property market. In the past few years, the PRC Government implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. See “Regulatory Overview — Measures on Stabilizing Housing Prices” for more details on land supply policies. From time to time, the central and local governments adjusted or introduced policies and regulations relating to land grants, property pre-sales, bank and other financing, taxation, zoning, building design and construction, which have significantly impacted our funding sources and financing costs. Further, regulations on mortgage interest rate and minimum down payment also affected the availability and costs of financing for potential property purchasers, while restrictions on property ownership and increased taxes related to property title transfers and ownership also affected the demand for properties by potential purchasers.

We primarily focus on developing properties that target first-time purchasers and upgraders who are less susceptible to the above-mentioned restrictive measures. Therefore, we believe we are able to continue to benefit from macroeconomic growth and urbanization, as well as favorable government policies over our target customers.

FINANCIAL INFORMATION

Ability to Acquire Suitable Land at Reasonable Costs

Our ability to acquire suitable land at reasonable costs largely affects our business operations, as well as financial performance. Under our “1+1+X” expansion strategy, we base our business operations in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside Zhejiang Province and the Pan-Yangtze River Delta Region. To carry out our expansion strategy during the Track Record Period, we acquired land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also cooperate with third-party business partners through joint ventures or associates, and acquire or invest in third parties that possess land use rights over land we desire. Such combined approaches to land acquisition have contributed to and will continue to affect our business operations and our ability to acquire desirable land to implement our “1+1+X” strategy. As the PRC economy continues to grow and urbanization continues to progress, demand for residential properties remains relatively strong. We expect competition among property developers for acquiring suitable land to intensify, which could affect our future growth. Our ability to acquire suitable land to carry out our “1+1+X” strategy is critical to our future business operations and growth.

In addition to impacts on our business operations, we expect that the tightening land supply policies and intensified market competition for suitable land among property developers will lead to increased land acquisition costs, which could materially and adversely affect our results of operations, liquidity positions and financial condition. In order to participate in a 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 typically required to settle the land premium within one year after signing the land grant contract, which have accelerated the timing of our payment for land acquisition costs and have had a significant impact on our cash flows. Our ability to control our land acquisition costs while carrying out our “1+1+X” strategy significantly affects our results of operations and financial condition.

Timing of Property Development, Pre-sales and Delivery

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and property construction, as well as limitations on land supply. It could take several months or even years for our projects to generate any cash inflow in the form of pre-sales, and even longer to generate revenue after project completion and delivery to purchasers. In addition, we may experience unexpected delays in construction, regulatory approvals and other processes, which disrupt our project pre-sale and delivery schedule. Delays in pre-sale leads to longer liquidity exposure, while delays in delivery defers our ability to recognize revenue and affects our results of operations for a particular period. Our financial performance in terms of revenue and liquidity may therefore fluctuate significantly due to unexpected project delays. See “Risk Factors — Risks Relating to Our Business — We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.”

FINANCIAL INFORMATION

Construction Materials and Labor Costs

Construction costs, which primarily include costs of construction materials and labor, affect our results of operations. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, construction costs recognized in cost of sales was RMB2,879.7 million, RMB6,115.2 million, RMB15,197.7 million, RMB1,597.2 million and RMB3,140.8 million, respectively, accounting for 53.3%, 54.8%, 56.3%, 51.3% and 46.4% of our total cost of sales for property development and sales, respectively. We enter into agreements with general contractors for each project, which provide for fees that include construction material and labor costs. The agreement typically provides for a price range for major construction materials, such as steel and cement. When the actual prices of these materials exceed the specified price range, we will be solely responsible for paying the portion beyond the upper limit. In addition, average wage levels of urban construction workers have been increasing in recent years, which contribute to higher overall construction costs. If we are unable to successfully pass on such increase in construction costs to our customers by pricing our properties at a price level sufficient to cover all the increased costs, our profit margin could be impacted.

Availability and Cost of Financing

Our ability to secure sufficient funding for our development projects on commercially reasonable terms affects our business operations and financial performance. During the Track Record Period, we financed our operations primarily through internally generated cash flow from the pre-sales, as well as external financings, such as bank and other borrowings, ABS and senior notes. The monetary regulations imposed by the PRC Government from time to time may affect our access to capital and cost of financing, especially those that restrict the ability and cost for real estate developers to obtain bank and other financing.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, our total outstanding borrowings, mainly including bank and other borrowings, ABS and senior notes, amounted to RMB25,874.4 million, RMB29,065.1 million, RMB28,527.4 million and RMB32,214.3 million, respectively. See “— Indebtedness” and notes 30 to 32 in the Accountants’ Report included in Appendix I to this Prospectus. The weighted average effective interest rates on our bank and other borrowings, ABS and senior notes as of December 31, 2017, 2018 and 2019 and April 30, 2020 were 8.09%, 8.13%, 9.28% and 9.69%, respectively. The relatively high weighted-average interest rate as of December 31, 2019 was primarily due to the relatively larger proportion of the other borrowings with relatively high interest rate out of the total bank and other borrowings, ABS and senior notes as of the same date. We may continue to access both the international and domestic capital markets to diversify our financing sources, secure sufficient working capital and 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.

FINANCIAL INFORMATION

LAT

All income from the sales or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30.0% to 60.0% of the appreciated value of the property, which is calculated by deducting from the gross sales proceeds the costs associated with property development and sales and certain other deductibles. See “Regulatory Overview — Taxation — Land Appreciation Tax.” During the Track Record Period, we assessed the difference between the amount we prepaid and our estimated LAT liability. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we recorded LAT expenses in the amount of RMB118.4 million, RMB138.9 million, RMB995.5 million, RMB37.7 million and RMB244.7 million, respectively. See note 10 in the Accountants’ Report included in Appendix I to this Prospectus. 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.

SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND JUDGMENTS

Revenue Recognition

Property Development and Sales

We recognize revenues from property development and sales when or as the control of the asset is transferred to the customer. In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer 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.

Property Management Services

We recognize property management service revenue when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.

Management Consulting Services

We recognize management consulting service revenue in connection with development of property projects when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.

FINANCIAL INFORMATION

Hotel Services

We recognize hotel service revenue when the services have been rendered.

Property Leasing

We recognize property leasing revenue on a time proportion basis over the lease terms.

Fair Value Measurement

We measure investment properties and financial assets at FVTPL at fair value at the end of each year during the Track Record Period. Fair value is the price that we would receive to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient held for sale data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For more details of fair measurement, see note 2.4 to the Accountants' Report included in Appendix I to this Prospectus. The reporting accountants' opinion on the historical financial information of the Group for the Track Record Period is set out in Appendix I to this Prospectus.

FINANCIAL INFORMATION

We have implemented internal policies to ensure the reasonableness of fair value estimation on the level 3 financial assets. Our Directors are aware of the “Guidance note on directors’ duties in the context of valuations in corporate transactions” issued by the SFC on May 15, 2017. In this regard, our Directors confirmed that: (i) they had exercised due care, skill and diligence and supervised the delegates when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that be reasonably expected of a Director carrying out the functions of the Director in relation to the company. Prior to approving investment in financial assets, our Directors shall review the feasibility study or investment proposal of the financial assets prepared by our finance department, taking into consideration the size of the investments, their risk profiles and the rate of return. Upon making investment, our finance department closely monitors the performance of the investment and assess the fair value of level 3 financial assets at least once every reporting period or when necessary for our Directors’ review and approval. Our Directors would review the fair value estimation of level 3 financial assets, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value estimation of level 3 financial assets is in accordance with the applicable IFRS.

Our Directors are satisfied with the valuation work for financial assets categorized within level 3 of fair value estimation in our historical financial information.

The Joint Sponsors have (i) considered the unqualified opinion on the historical financial information of the Group as a whole issued by the reporting accountants included in Appendix I of this Prospectus; (ii) considered the work done by our Directors and reviewed the relevant documents; and (iii) discussed with the Company’s management as well as its reporting accountants in relation to the relevant valuation work performed by the Company. Based on the above, nothing has come to the Joint Sponsors’ attention that would cause the Joint Sponsors to question the accounting procedures performed by the Company in connection with such financial assets at fair value through profit or loss categorized within level 3.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, properties under development, completed properties held for sale, investment properties and a subsidiary classified as held for sale), we estimate the recoverable amount of the asset using the higher of the value in use of the asset or cash-generating unit and its fair value less costs of disposal. We determine value for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

FINANCIAL INFORMATION

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year or period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each year during the Track Record Period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the year or period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property interests held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each year during the Track Record Period.

We include gains or losses arising from changes in the fair values of investment properties in profit or loss in the year or period in which they arise. We recognize any gains or losses on the retirement or disposal of an investment property in profit or loss in the year or period of the retirement or disposal.

Properties under Development

Properties under development are intended to be held for sale after completion.

We state properties under development at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

FINANCIAL INFORMATION

We classify properties under development as current assets, unless the construction period of the relevant property development project is expected to be beyond the normal operating cycle. On completion, these properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

We state completed properties held for sale at the lower of cost and net realizable value.

We determine cost by an apportionment of the total land and buildings costs attributable to unsold properties. Net realizable value takes into account the price ultimately expected to be realized less the costs we estimate will be incurred in selling the properties. Based on our historical experience and the nature of the subject properties, we estimate the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions. If costs to completion increase or net sales value decreases, net realizable value will decrease, which may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current and Deferred Income Tax

Income tax comprises current and deferred taxes. We recognize income tax relating to items recognized outside profit or loss, either in other comprehensive income or directly in equity. We measure current tax assets and liabilities at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

FINANCIAL INFORMATION

We recognize deferred tax liabilities for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

We recognize deferred tax assets for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. We recognize deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

We review the carrying amount of deferred tax assets at the end of each year of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. We reassess unrecognized deferred tax assets at the end of each year of the Track Record Period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

We measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if we have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle

FINANCIAL INFORMATION

current tax liabilities and assets on a net basis, or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Allocation of Property Development Costs

We allocate land costs to each unit according to their respective saleable GFA over total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Early Adoption of IFRS 9, IFRS 15 and IFRS 16

IFRS 9 *Financial instruments*, IFRS 15 *Revenue from contracts with customers* and IFRS 16 *Leases* are effective for annual periods beginning on or after January 1, 2018, January 1, 2018 and January 1, 2019, respectively, and earlier application is permitted. We have applied IFRS 9, IFRS 15 and IFRS 16 consistently throughout the Track Record Period. If we had not applied IFRS 9 and IFRS 15 in 2017, and had not applied IFRS 16 in 2017 and 2018, the estimated impact on our financial performance and position for 2017 and 2018 is as follows:

	Amounts without the adoption of IFRS 9, 15 or 16 (RMB'000)	Effects of the adoption of IFRS 9 (RMB'000)	Effects of the adoption of IFRS 15 (RMB'000)	Effects of the adoption of IFRS 16 (RMB'000)	Amounts as reported (RMB'000)
(Losses)/Profit for the year					
2017	(384,747)	19,489	80,653	(1,344)	(285,949)
2018	310,836	(3,158)	120,222	40	427,940
Total equity					
As of December 31, 2017	1,335,569	38,426	87,813	(2,576)	1,459,232
As of December 31, 2018	2,627,252	35,268	220,875	(2,536)	2,880,859

Taking into account the impact disclosed above, our Directors consider that the adoption of IFRS 9 and IFRS 16 would have insignificant impact on our financial position and performance for the years ended December 31, 2017 and 2018.

In addition, our Directors consider that the adoption of IFRS 15 would have significant impact on our financial performance in 2017 and 2018, and the adoption of IFRS 15 would have significant impact on our financial position as of December 31, 2017 and 2018. The impact of IFRS 15 on our financial performance in 2017 and 2018 was mainly due to the capitalization of sales commission which are considered as incremental costs of entering into sales contracts with customers and will be expensed when the related revenue been recognized by adopting IFRS 15.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income during the periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
			(RMB'000)	(unaudited)	
Revenue	6,293,295	14,215,302	35,519,538	3,835,056	8,551,873
Cost of sales	(5,459,461)	(11,216,121)	(27,039,427)	(3,130,783)	(6,783,308)
Gross profit	833,834	2,999,181	8,480,111	704,273	1,768,565
Finance income	16,892	71,376	151,883	26,223	37,788
Other income and gains	131,031	36,789	95,375	63,190	43,487
Selling and distribution expenses	(502,524)	(752,994)	(1,073,899)	(356,507)	(264,031)
Administrative expenses	(521,753)	(1,119,107)	(1,125,445)	(354,543)	(341,578)
Other expenses	(46,152)	(69,630)	(199,371)	(3,376)	(27,651)
Fair value gains on investment properties	17,285	13,978	22,406	18,163	854
Finance costs	(220,316)	(432,110)	(777,570)	(154,350)	(178,579)
Share of profit and loss of:					
Joint ventures	1,208	(30,492)	(54,644)	(5,195)	42,235
Associates	(1,349)	(30,929)	11,502	(6,689)	(13,154)
(Loss)/profit before tax	(291,844)	686,062	5,530,348	(68,811)	1,067,936
Income tax credit/(expense) ..	5,895	(258,122)	(2,321,393)	(46,803)	(467,591)
(Loss)/profit after tax for the year/period	(285,949)	427,940	3,208,955	(115,614)	600,345
Attributable to:					
Owners of the parent	(300,123)	325,047	2,312,283	(131,320)	582,070
Non-controlling interests ..	14,174	102,893	896,672	15,706	18,275
	(285,949)	427,940	3,208,955	(115,614)	600,345
Revaluation gains on transfer from property, plant and equipment to investment properties	—	—	—	—	161,395
Income tax effect	—	—	—	—	(40,348)
Other comprehensive income for the year/period, net of tax ..	—	—	—	—	121,047
Total comprehensive income for the year/period	(285,949)	427,940	3,208,955	(115,614)	721,392
Attributable to:					
Owners of the parent	(300,123)	325,047	2,312,283	(131,320)	701,906
Non-controlling interests ..	14,174	102,893	896,672	15,706	19,486
	(285,949)	427,940	3,208,955	(115,614)	721,392

FINANCIAL INFORMATION

Revenue

During the Track Record Period, we derived our revenue primarily from development and sales of residential properties and commercial properties, and derived a small portion of revenue from management consulting services and property leasing. Historically, we were also involved in certain ancillary businesses, including hotel services mainly to three hotels, and property management services mainly to four residential properties developed by us. Ancillary businesses require expertise, management and other resources which are different from our core business, namely, property development and sales. As such, our Group disposed of these ancillary businesses as part of our Reorganization. See “Our History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies,” “Business — Hotel Services” and “Business — Property Management Services” for further details.

The following table sets forth a breakdown of our revenue by business line for the periods indicated, both in absolute amount and as a percentage of total revenue.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Property development and sales.....	6,165,676	98.0	14,077,218	99.0	35,372,157	99.6	3,786,450	98.7	8,515,084	99.6
Management consulting services.....	—	—	8,972	0.1	23,893	0.1	4,915	0.1	5,989	0.0
Property leasing.....	14,042	0.2	14,563	0.1	12,619	0.0	3,789	0.1	16,068	0.2
Hotel services ⁽¹⁾	110,075	1.7	111,853	0.8	107,088	0.3	38,787	1.1	13,560	0.2
Property management services ⁽¹⁾	3,502	0.1	2,696	0.0	3,781	0.0	1,115	0.0	1,172	0.0
Total.....	6,293,295	100.0	14,215,302	100.0	35,519,538	100.0	3,835,056	100.0	8,551,873	100.0

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services as part of the Reorganization. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “Business — Hotel Services,” “Business — Property Management Services” and “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies.”

FINANCIAL INFORMATION

The table below sets forth a breakdown of our land acquisition during the Track Record Period by city-tier.

City-tiers	For the year ended December 31,						For the seven months ended July 31,	
	2017		2018		2019		2020	
	New parcels	Total GFA	New parcels	Total GFA	New parcels	Total GFA	New parcels	Total GFA
	(sq.m.)		(sq.m.)		(sq.m.)		(sq.m.)	
Second-tier cities.....	28	3,553,906	15	3,700,600	11	1,593,364	16	3,702,220
Third-tier cities.....	13	2,238,671	8	1,771,929	3	1,047,096	2	603,954
Others	13	1,952,853	12	2,389,386	11	1,286,809	1	544,050
Total.....	54	7,745,430	35	7,861,915	25	3,927,269	19	4,850,224

The table below sets forth a breakdown of our revenue from property development and sales revenue during the Track Record Period by city-tier.

City-tiers	For the year ended December 31,			For the four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
First-tier cities	381,193	85,938	117,355	—	—
Second-tier cities	3,659,688	7,525,151	19,914,328	1,249,671	4,705,146
Third-tier cities	238,391	2,584,209	5,502,489	1,132,062	2,058,085
Others	1,886,404	3,881,920	9,837,985	1,404,717	1,751,853
Total.....	6,165,676	14,077,218	35,372,157	3,786,450	8,515,084

FINANCIAL INFORMATION

Property Development and Sales

Revenue from property development and sales represents a vast majority of our total revenue. Revenue from property development and sales is dependent on the total recognized GFA and the recognized ASP per sq.m of the delivered properties during the relevant year. During the Track Record Period, our recognized GFA fluctuated from period to period depending on the size of the projects and the stage of their development. The recognized ASP of properties delivered also fluctuated from period to period depending on the selling prices for properties of different series or different types, as well as in cities and regions where we developed and sold property projects.

To carry out our “1+1+X” expansion strategy, we focus on suitable locations in select cities in Zhejiang Province, the Pan-Yangtze River Delta Region, as well as other core cities across China that we believe have high growth potential. Over years of operations, we have been able to keep enlarging our market presence nationwide, in particular, in Zhejiang Province and the Pan-Yangtze River Delta Region. In 2016, because we had not yet delivered a large number of properties acquired and developed under our “1+1+X” strategies while incurred certain operating expenses, as well as due to provision for impairment loss with regard to one project in Nanping, we recorded accumulated losses as of January 1, 2017. However, we have significantly improved our financial performance since 2018, and plan to sustain our growth going forward by continuing to implement our “1+1+X” strategy under which we will develop and deliver more properties located in Zhejiang Province, the Pan-Yangtze River Delta Region, as well as other strategically selected cities in China pursuant to our property development management procedures and policies. See “— Our Property Development Management” for details. The following table sets forth the recognized GFA and the respective recognized ASP per sq.m. for each region, as well as a breakdown of our revenue by region both in absolute amount and as a percentage of total property development and sales revenue for the periods indicated.

FINANCIAL INFORMATION

	Year ended December 31,				Four months ended April 30,								
	2017				2019				2020				
	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP
	RMB'000	%	sq.m.	RMB per sq.m.	RMB'000	%	sq.m.	RMB'000	%	sq.m.	RMB'000	%	sq.m.

Notes:

- (1) Regions in China other than Zhejiang Province and the Pan-Yangtze River Delta Region, including Hubei Province, Hunan Province, Inner Mongolia Autonomous Region, Fujian Province and Liaoning Province.
- (2) The total recognized GFA of residential properties does not include GFA of car parks.

FINANCIAL INFORMATION

Our revenue from property development and sales increased rapidly during the Track Record Period, primarily attributable to the general increases in total recognized GFA and recognized ASP during the relevant periods. Our total recognized GFA increased significantly from 838,289 sq.m. in 2017 to 1,422,554 sq.m. in 2018, and further to 3,488,380 sq.m. in 2019. These increases resulted from increases in the number of property projects delivered during the relevant periods and our continuous efforts on strengthening our market positions in Zhejiang Province and the Pan-Yangtze River Delta Region, such as Hangzhou, Jiaxing, Huzhou, Wuhu and Lianyungang in 2018 and Quzhou, Nantong and Nanjing in 2019. Our recognized GFA increased from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we generated property development and sales revenue from 35, 48, 75, 35 and 34 property projects, respectively. Specifically:

- Our recognized GFA in Zhejiang Province increased significantly from approximately 374,569 sq.m. in 2017 to approximately 861,946 sq.m. in 2018, and further to approximately 1,626,748 sq.m. in 2019, primarily attributable to (i) an increase in recognized GFA of properties in Shaoxing, such as Zhuji Shinsun Mansion (諸暨祥生府) in 2018 and Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府) in 2019; (ii) an increase in recognized GFA of properties in Zhoushan in 2018, such as Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園); (iii) the beginning of the property delivery in Jiaxing in 2018, such as Jiaxing Shinsun Jiuxi Garden (嘉興祥生玖熙花苑) in 2018 and Haiyan Shinsun Yuelan Bay (海鹽祥生悅瀾灣) in 2019; (iv) the beginning of property delivery in Huzhou in 2018, such as Huzhou Shinsun Yueshan Lake Garden (湖州祥生悅山湖花園) in 2018 and 2019; (v) the beginning of the property delivery in Hangzhou in 2018, such as Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓) in 2018 and 2019 and Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓) in 2019; and (vi) the beginning of the property delivery in Quzhou in 2019, such as Quzhou Shinsun Yunqi Xinyu (衢州祥生雲栖新語小區) in 2019. Our recognized GFA in Zhejiang Province increased significantly from approximately 128,415 sq.m. in the four months ended April 30, 2019 to approximately 352,354 sq.m. in the four months ended April 30, 2020, primarily due to (i) the beginning of property delivery in Shaoxing in the four months ended April 30, 2020, such as Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館) and Zhuji Shinsun Future City (諸暨祥生未來城); (ii) the beginning of property delivery in Ningbo in the four months ended April 30, 2020, such as Cixi Shinsun Wangyue Mansion (慈溪祥生望玥府); and (iii) the beginning of property delivery in Huzhou in the four months ended April 30, 2020 such as Anji Shinsun Oriental Arbor Garden (安吉祥生東方樾花園).

FINANCIAL INFORMATION

- Our recognized GFA in the Pan-Yangtze River Delta Region increased from approximately 410,200 sq.m. in 2017 to approximately 494,350 sq.m. in 2018, and further to approximately 1,766,502 sq.m. in 2019. The significant increase in recognized GFA from 2018 to 2019 in the Pan-Yangtze River Delta Region was primarily attributable to (i) an increase in recognized GFA in Xuancheng in 2019 as a result of the delivery of Xuancheng Shinsun Wanling Lake New City (宣城祥生宛陵湖新城) and Langxi Shinsun Wutong Xinyu (郎溪祥生梧桐新語); (ii) an increase in recognized GFA in Chuzhou in 2019 as a result of the delivery of Chuzhou Shinsun Oriental Arbor (滁州祥生東方樾); (iii) an increase in recognized GFA in Lianyungang in 2019 as a result of the delivery of Lianyungang Shinsun Cangwu Spring Garden Phase II (連雲港祥生蒼梧春曉苑二期); (iv) an increase in recognized GFA in Jinan in 2019 as a result of the delivery of Jiyang Shinsun Central Mansion (濟陽祥生中央華府) and (v) an increase in recognized GFA in Wuhu in 2019 as a result of the delivery of Nanling Shinsun Jinlin Mansion (南陵祥生金麟府). Our recognized GFA in the Pan-Yangtze River Delta Region increased significantly from approximately 301,001 sq.m. in the four months ended April 30, 2019 to approximately 545,119 sq.m. in the four months ended April 30, 2020, primarily due to (i) an increase in recognized GFA in Xuancheng in the four months ended April 30, 2020 as a result of the delivery of Xuancheng Shinsun Wanling Lake New City (宣城祥生宛陵湖新城); (ii) an increase in recognized GFA in Ji'ning in the four months ended April 30, 2020 as a result of the delivery of Zoucheng Shinsun Qunxian Mansion (鄒城祥生群賢府); (iii) an increase in recognized GFA in Nantong in the four months ended April 30, 2020 as a result of the delivery of Rudong Shinsun Hanlin Garden Phase II (如東祥生翰林院二期); and (iv) an increase in recognized GFA in Wuhu as a result of the delivery of Nanling Shinsun Jinlin Mansion (南陵祥生金麟府).
- Our recognized GFA in other regions increased from approximately 53,520 sq.m. in 2017 to approximately 66,258 sq.m. in 2018, primarily attributable to the delivery of Anshan Shinsun Yuedu Mansion (鞍山祥生越都華庭) in Anshan in 2018. The recognized GFA in other regions further increased to approximately 95,130 sq.m. in 2019, primarily attributable to the delivery of Xiantao Shinsun Guanlan Mansion (仙桃祥生觀瀾府) in 2019 in Xiantao. Our recognized GFA in other regions decreased from approximately 2,752 sq.m. in the four months ended April 30, 2019 to approximately 758 sq.m. in the four months ended April 30, 2020.

FINANCIAL INFORMATION

The recognized ASP of properties increased from RMB7,355 per sq.m. in 2017 to RMB9,896 per sq.m. in 2018, and further to RMB10,140 per sq.m. in 2019. The recognized ASP increased from RMB8,762 per sq.m. in the four months ended April 30, 2019 to RMB9,480 per sq.m. in the four months ended April 30, 2020, primarily attributable to the prevailing market conditions and the selling prices for properties in cities and regions where we developed. Specifically:

- In Zhejiang Province, the recognized ASP per sq.m. of delivered properties increased significantly from RMB8,528 in 2017 to RMB11,660 in 2018, and further to RMB13,592 in 2019, primarily because (i) a majority of the properties delivered in 2018 were located in Hangzhou and Zhoushan, such as Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓) and Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園), where the ASP per sq.m. was relatively higher than that of the ASP per sq.m. of properties delivered in 2017, a majority of which were located in Shaoxing; and (ii) a majority of the properties delivered in 2019 were located in Hangzhou, Jiaxing and Shaoxing, such as Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓), Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓), Jiaxing Haiyan Shinsun Yuelan Bay (海鹽祥生悅瀾灣) and Shaoxing Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府), where the ASP per sq.m. was relatively higher than that in 2018 as a result of the overall increasing market conditions in Hangzhou and the cities around Hangzhou, which are the core cities of the Hangzhou Metropolitan Circle and the core cities of the Pan-Yangtze River Delta Region. The recognized ASP per sq.m. of delivered properties increased from RMB11,963 in the four months ended April 30, 2019 to RMB12,671 in the four months ended April 30, 2020 in Zhejiang Province, primarily due to the delivery of Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館) in Shaoxing and Cixi Shinsun Wangyue Mansion (慈溪祥生望玥府) in Ningbo where the ASP per sq.m. was relatively higher than that of the ASP per sq.m. of properties delivered in the four months ended April 30, 2019, a majority of which was located in Huzhou and Jiaxing.

FINANCIAL INFORMATION

- In the Pan-Yangtze River Delta Region, the recognized ASP per sq.m. of delivered properties increased from RMB6,397 in 2017 to RMB7,371 in 2018, primarily because a majority of the properties delivered in 2018 were located in Chuzhou and Lianyungang, such as Chuzhou Shinsun Shili (滁州祥生十里) and Lianyungang Shinsun Cangwu Spring Garden Phase I (連雲港祥生蒼梧春曉苑一期), where the ASP per sq.m. was relatively higher than that of the properties delivered in 2017, a majority of which were located in Taizhou. The recognized ASP per sq.m. remained relatively stable in 2018 and 2019 and in the four months ended April 30, 2019 and 2020.
- In other regions, the recognized ASP per sq.m. of delivered properties decreased from RMB6,489 in 2017 to RMB5,785 in 2018, and slightly bounced to RMB5,802 in 2019, primarily because the properties delivered in 2018, mainly in Anshan, and in 2019, mainly in Xiantao, were located in lower-tier cities and generally commanded relatively lower ASP per sq.m. than the properties delivered in 2017, which were mainly located in Wuhan, a second-tier city. The recognized ASP per sq.m. of delivered properties increased from RMB9,428 in the four months ended April 30, 2019 to RMB11,153 in the four months ended April 30, 2020 in other regions, primarily due to the delivery of properties in the four months ended April 30, 2020 which commanded relatively high recognized ASP.

FINANCIAL INFORMATION

The following table sets forth a breakdown of total recognized GFA and the respective recognized ASP per sq.m. for each property type, as well as a breakdown of our revenue by property type during the periods indicated, both in absolute amount and as a percentage of total property development and sales revenue.

	Year ended December 31,						Four months ended April 30,					
	2017			2018			2019			2020		
	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	Recognized GFA ⁽²⁾	Recognized ASP
	RMB'000	%	RMB per sq.m.	RMB'000	%	RMB per sq.m.	RMB'000	%	RMB per sq.m.	RMB'000	%	RMB per sq.m.
Residential properties ⁽¹⁾	5,753,065	93.3	7,263	13,768,974	97.3	9,866	34,400,043	97.3	10,139	8,342,760	98.0	8,584
Commercial properties	412,611	6.7	8,938	308,244	2.2	11,444	972,114	2.7	10,176	172,324	2.0	12,401
Total	6,165,676	100.0	7,355	14,077,218	100.0	9,896	35,372,157	100.0	10,140	8,515,084	100.0	8,762

Notes:

- (1) Include both residential properties and car parks.
- (2) The total recognized GFA of residential properties does not include GFA of car parks.

FINANCIAL INFORMATION

We typically enter into pre-sale contracts with customers while the properties are still under development after satisfying pre-sale conditions under PRC laws and regulations. In general, pre-sales of properties under development take place before the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and delivered to the customers. Proceeds from customers of pre-sold properties are recorded as contract liabilities under current liabilities before relevant sales revenue is recognized. Since the revenue from property development and sales is only recognized upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue from sales of properties.

Our recognized GFA for residential properties increased during the Track Record Period which was in line with our business growth. Our recognized ASP for residential properties increased during the Track Record Period primarily attributable to the delivery of projects in Hangzhou and other cities surrounding Hangzhou, such as Shaoxing and Jiaxing, being the core cities of the Hangzhou Metropolitan Circle and the core cities of the Pan-Yangtze River Delta Region, which had relatively high property selling prices, as well as the overall increase in residential property prices during the periods when the delivered properties were sold, both of which were driven by increased urbanization and demand for residential properties.

Our recognized GFA and recognized ASP for commercial properties fluctuated during the Track Record Period, primarily due to varying features of commercial properties delivered, such as (i) geographical location and proximity to other commercial resources; (ii) ancillary facilities in the surrounding areas; and (iii) market positioning of each commercial properties delivered. The relatively higher recognized ASP in 2018 as compared to that in 2017 and 2019 was primarily because the commercial properties delivered in 2018 were mainly located in Hangzhou, where the recognized ASP per sq.m. of commercial properties was generally higher than that delivered in 2017 and 2019, a majority of which were located in Taizhou, Shaoxing and Jinan. The recognized ASP remained relatively stable from the four months ended April 30, 2019 to the four month ended April 30, 2020.

Management Consulting Services

We commenced the provision of management consulting services to primarily our joint ventures and associates and generated service revenue in 2018. These services primarily cover project construction, cost control, project design, procurement and sales and marketing of properties during the development and sales processes. Our management consulting service revenue increased from RMB9.0 million in 2018 to RMB23.9 million in 2019 primarily attributable to an increase in the number of customers which we provided management consulting services. Our management consulting service revenue increased from RMB4.9 million in the four months ended April 30, 2019 to RMB6.0 million in the four months ended April 30, 2020, primarily due to an increase in the amount of services we provided.

FINANCIAL INFORMATION

Property Leasing

Revenue from property leasing primarily represents rental income from tenants that lease investment properties we develop and own. Our property leasing revenue was RMB14.0 million, RMB14.6 million and RMB12.6 million in 2017, 2018 and 2019, respectively. Our property leasing revenue increased significantly from RMB3.8 million in the four months ended April 30, 2019 to RMB16.1 million in the four months ended April 30, 2020, primarily due to the opening of Tiantai Shinsun Century Square (天台祥生世紀廣場).

Hotel Services

Hotel service revenue primarily represents hotel room fees and charges we generate from guests who stay at our hotels. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our hotel service revenue was RMB110.1 million, RMB111.9 million, RMB107.1 million, RMB38.8 million and RMB13.6 million, respectively. We disposed of our hotel services business and completed the disposals by May 2020 as part of the Reorganization. We do not expect to record any revenue from hotel services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and we expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “Business — Hotel Services” and “Connected Transactions — B. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement — 3. Hotel lease.”

Property Management Services

Property management revenue arises out of our property management services provided by Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業有限公司) and Taizhou Xiangsheng Property Management Co., Ltd. (泰州祥生物業管理有限公司) to four residential property projects, which primarily include security, cleaning, greening, repair and maintenance services. Our property management revenue was RMB3.5 million, RMB2.7 million, RMB3.8 million, RMB1.1 million and RMB1.2 million, in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. In January 2018, we disposed of Taizhou Xiangsheng Property Management Co., Ltd. In order to further focus on our resources on property development, we disposed of Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. in March 2020 as part of the Reorganization. Accordingly, we have not recorded any revenue from property management services since the disposals, and do not expect to record any revenue from property management going forward.

FINANCIAL INFORMATION

Cost of Sales

We incurred the vast majority of our cost of sales in our property development and sales business. The following table sets forth a breakdown of our cost of sales by business line and property type in terms of property development and sales business during the periods indicated, both in absolute amount and as a percentage of total cost of sales.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Property development and sales										
Residential properties ⁽¹⁾ ..	5,157,842	94.5	10,948,964	97.6	26,388,132	97.6	2,987,910	95.4	6,689,829	98.7
Commercial properties ...	241,850	4.5	205,769	1.9	586,974	2.2	127,680	4.1	80,332	1.2
Subtotal	<u>5,399,692</u>	<u>99.0</u>	<u>11,154,733</u>	<u>99.5</u>	<u>26,975,106</u>	<u>99.8</u>	<u>3,115,590</u>	<u>99.5</u>	<u>6,770,161</u>	<u>99.9</u>
Management consulting services	–	–	5,071	0.0	10,788	0.0	2,786	0.1	2,742	0.0
Property leasing	590	0.0	362	0.0	187	0.0	61	0.0	2,899	0.0
Hotel services ⁽²⁾	56,889	1.0	52,981	0.5	50,854	0.2	11,529	0.4	6,409	0.1
Property management services ⁽²⁾	2,290	0.0	2,974	0.0	2,492	0.0	817	0.0	1,097	0.0
Total	<u>5,459,461</u>	<u>100.0</u>	<u>11,216,121</u>	<u>100.0</u>	<u>27,039,427</u>	<u>100.0</u>	<u>3,130,783</u>	<u>100.0</u>	<u>6,783,308</u>	<u>100.0</u>

Notes:

- (1) Include both residential properties and car parks.
- (2) To focus our resources on property development and sales, we disposed of our hotel services and property management services as part of the Reorganization. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “Business — Hotel Services,” “Business — Property Management Services” and “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies.”

FINANCIAL INFORMATION

Cost of Property Development and Sales

Our cost of sales incurred in property development and sales primarily represents construction costs, land acquisition costs and capitalized interest costs. The following table sets forth a breakdown of our cost of sales for property development and sales by type of costs during the periods indicated, both in absolute amount and as a percentage of total cost of sales for property development and sales.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Construction costs	2,879,654	53.3	6,115,220	54.8	15,197,672	56.3	1,597,202	51.3	3,140,758	46.4
Land acquisition costs	1,963,138	36.4	4,178,234	37.5	10,169,862	37.7	1,367,911	43.9	3,336,897	49.3
Capitalized interest costs ...	556,900	10.3	861,279	7.7	1,607,572	6.0	150,477	4.8	292,506	4.3
Total	5,399,692	100.0	11,154,733	100.0	26,975,106	100.0	3,115,590	100.0	6,770,161	100.0

Increase in cost of sales for property development and sales in 2017, 2018 and 2019 as well as the increase from the four months ended April 30, 2019 to the four months ended April 30, 2020 was primarily due to increases in (i) land acquisition costs resulting from the general improvement in local property market condition and appreciation in land value in the regions we delivered properties; (ii) construction costs resulting from rise in workers' average wage levels and cost of raw materials such as steel and concrete; and (iii) total recognized GFA which was in line with our business growth.

Construction Costs

Construction costs include costs for the design and construction of a project, which in turn primarily include contractor fees, costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the types and geographic conditions of the properties being constructed, the types and amount of construction materials required, the amount of labor required and the average wage level of workers. Since we recognize cost of sales upon delivery of properties, the timing of property delivery also affects the absolute amount of our construction costs.

FINANCIAL INFORMATION

The following table sets forth a sensitivity analysis for our construction costs illustrating, for the periods indicated, their impact on our profit before taxation if our construction costs had been 5% higher or lower, assuming all other variables remained constant.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000, except for percentages)				
Increase/(decrease) in profit before taxation					
If construction costs per sq.m. had been 5% lower	143,983	305,761	759,884	79,860	157,038
As a percentage of (loss)/profit before taxation	(49.3%)	44.6%	13.7%	(116.1%)	14.7%
If construction costs per sq.m. had been 5% higher	(143,983)	(305,761)	(759,884)	(79,860)	(157,038)
As a percentage of (loss)/profit before taxation	49.3%	(44.6%)	(13.7%)	116.1%	(14.7%)

Land Acquisition Costs

Land acquisition costs include costs relating to the acquisition of the rights to occupy, use and develop land, which primarily represent land premiums incurred in connection with land grants from the government. Land acquisition costs are affected by a number of factors, such as the location of the land parcel, local property market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC laws and regulations.

The following table sets forth a sensitivity analysis for our land acquisition costs illustrating, for the periods indicated, their impact on our profit before taxation if our land acquisition costs had been 5% higher or lower, assuming all other variables remained constant.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000, except for percentages)				
Increase/(decrease) in profit before taxation					
If land acquisition costs per sq.m. had been 5% lower	98,157	208,912	508,493	68,396	166,845
As a percentage of (loss)/profit before taxation	(33.6%)	30.5%	9.2%	(99.4%)	15.6%
If land acquisition costs per sq.m. had been 5% higher	(98,157)	(208,912)	(508,493)	(68,396)	(166,845)
As a percentage of (loss)/profit before taxation	33.6%	(30.5%)	(9.2%)	99.4%	(15.6%)

FINANCIAL INFORMATION

Capitalized Interest Costs

Capitalized interest costs include a portion of our finance costs that 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 combined statements of profit or loss and other comprehensive income in the year or period during which they are incurred.

The following table sets forth certain other data on cost of sales during the periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
Total recognized GFA (sq.m.).....	838,289	1,422,554	3,488,380	432,168	898,231
Recognized ASP per sq.m. (RMB)	7,355	9,896	10,140	8,762	9,480
Average cost per sq.m. recognized (RMB) ⁽¹⁾	6,441	7,841	7,733	7,209	7,537
Average cost as a % of recognized ASP.....	87.6%	79.2%	76.3%	82.3%	79.5%
Average land acquisition cost per sq.m. recognized (RMB) ⁽²⁾	2,342	2,937	2,915	3,165	3,715
Average land acquisition cost as a % of recognized ASP.....	31.8%	29.7%	28.7%	36.1%	39.2%

Notes:

- (1) Refer to the average cost of our property development and sales and is derived by dividing the sum of construction costs, land acquisition costs and capitalized interest costs by the total GFA recognized in that period.
- (2) Refer to the average land acquisition cost of our property development and sales and is derived by dividing the land acquisition costs for a period by the total recognized GFA in that period.

Average land acquisition cost per sq.m. of recognized GFA increased from RMB2,342 in 2017 to RMB2,937 in 2018, primarily due to the higher portion of delivered properties in Zhejiang Province in 2018, where average land acquisition cost was higher than other regions in which we delivered properties.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business line and by property type during the periods indicated.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Property development and sales.....	765,984	12.4	2,922,485	20.8	8,397,051	23.7	670,860	17.7	1,744,923	20.5
Management consulting services.....	–	–	3,901	43.5	13,105	54.8	2,129	43.3	3,247	54.2
Property leasing.....	13,452	95.8	14,201	97.5	12,432	98.5	3,728	98.4	13,169	82.0
Hotel services ⁽¹⁾	53,186	48.3	58,872	52.6	56,234	52.5	27,258	70.3	7,151	52.7
Property management services ⁽¹⁾	1,212	34.6	(278)	(10.3)	1,289	34.1	298	26.7	75	6.4
Total	833,834	13.2	2,999,181	21.1	8,480,111	23.9	704,273	18.4	1,768,565	20.7

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services as part of the Reorganization. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “Business — Hotel Services,” “Business — Property Management Services” and “History, Reorganization and Corporate Structure — Reorganization — Disposal of PRC companies.”

Gross Profit and Gross Profit Margin for Property Development and Sales

Our gross profit margin increased from 13.2% in 2017 to 21.1% in 2018, and further to 23.9% in 2019, and increased from 18.4% in the four months ended April 30, 2019 to 20.7% in the four months ended April 30, 2020, primarily attributable to increases in our profit margin for property development and sales during the Track Record Period, which in turn was primarily because (i) the increases in recognized ASP per sq.m. outpaced the increase in average cost of delivered GFA from 2017 to 2018, and (ii) the average cost of delivered GFA decreased from 2018 to 2019. To excel at our strategic expansion, we have employed diversified land acquisition methods and developed efficient and effective land acquisition investment and execution procedures. These procedures include (i) collection of relevant information by investment and development personnel in the regional companies; (ii) review of project proposals by our investment and development center at the group level; and (iii) solicitation of input from other departments such as finance and fund management center, capital management center, construction and contract center, product design center, operation management center and marketing and customer relationship center. Factors we take into account during these procedures include local economy, physical and geological characteristics

FINANCIAL INFORMATION

of the site, local policies, financial prospects, scale, local competition and working capital sufficiency. For more details on our land acquisition methods and procedures, see “Business — Our Property Development Management — Site Selection and Land Acquisition.” As a result, we have been able to identify land parcels with long-term investment value and at the same time achieve attractive unit land costs relative to their market value for our property projects, thereby reducing our land cost. The following table sets forth our gross profit and gross profit margin by type of property projects:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Residential properties	595,223	10.3	2,820,010	20.5	8,011,911	23.3	549,295	15.5	1,652,931	19.8
Commercial properties	170,761	41.4	102,475	33.2	385,140	39.6	121,565	48.8	91,992	53.4
Total	765,984	12.4	2,922,485	20.8	8,397,051	23.7	670,860	17.7	1,744,923	20.5

Our gross profit margin for property development and sales generally increased from 2017 to 2019, and from the four months ended April 30, 2019 to the four months ended April 30, 2020, primarily driven by the increase in gross profit margin for residential properties delivered during the relevant periods, specifically: (i) the delivery in 2018 of Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園), Zhuji Shinsun Mansion (諸暨祥生府) and Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓), which generated relatively higher ASP per sq.m.; (ii) the delivery in 2019 of Zhuji Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府), Quzhou Shinsun Yunqi Xinyu (衢州祥生雲栖新語小區), Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓), Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓), Huzhou Shinsun Yueshan Lake Garden (湖州祥生悅山湖花園), Haiyan Shinsun Yuelan Bay (海鹽祥生悅瀾灣) and Zhuji Shinsun Rui Garden (諸暨祥生瑞園), which generated relatively higher ASP per sq.m.; (iii) the delivery in the four months ended April 30, 2020 of Cixi Shinsun Wangyue Mansion (慈溪祥生望玥府), Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館), Zhangjiagang Shinsun Oriental Arbor Garden (張家港祥生東方樾花苑) and Rudong Shinsun Hanlin Garden Phase II (如東祥生翰林院二期), which generated relatively higher ASP per sq.m.; coupled with (iv) the standardization of our project development, our acute insight into, and detailed and prudent processes for land acquisition opportunities, which enabled us to acquire land at reasonable cost and control development and construction costs; and (v) the general improvement in residential property market condition in Hangzhou and the cities around Hangzhou in 2018, 2019 and the four months ended April 30, 2020, which are the core cities of the Hangzhou Metropolitan Circle.

The relatively low gross profit margin in our commercial properties in 2018 as compared to that in 2017 and 2019 was primarily due to the delivered commercial properties in 2018 was mainly located in Hangzhou where the economic development level, construction costs and

FINANCIAL INFORMATION

land acquisition costs are higher than other cities such as Taizhou, Shaoxing and Jinan where a majority of the delivered commercial properties in 2017 and 2019 were located, which led to higher land acquisition costs and higher construction costs in 2018, and thus, lower gross profit margin.

Our gross profit margin for management consulting services increased from 43.5% in 2018 to 54.8% in 2019, and from 43.3% in the four months ended April 30, 2019 to 54.2% in the four months ended April 30, 2020 due to an increase in the volume of management consulting services without adding a significant amount of headcount and incurring significant additional labor costs.

Our gross profit margin for property leasing remained relatively stable from 2017 to 2019. Our gross profit margin for property leasing decreased from 98.4% in the four months ended April 30, 2019 to 82.0% in the four months ended April 30, 2020, primarily due to costs incurred in connection with Tiantai Shinsun Century Square (天台祥生世紀廣場) which was opened on December 31, 2019.

Our gross profit margin for hotel services increased from 48.3% in 2017 to 52.6% in 2018, primarily due to our improved operational efficiency in operating our hotels. Our gross profit margin for hotel services decreased from 70.3% in the four months ended April 30, 2019 to 52.7% in the four months ended April 30, 2020, primarily due to decline in revenue from hotel services as a result of the COVID-19 pandemic which led to significant decline in business and leisure travels in the four months ended April 30, 2020. See “Business — Effects of the COVID-19 Pandemic” for more details.

We recorded a gross loss for property management services in 2018 due to the low property management fee we charged and the high level of staff costs in relation to a property under our management in Liaoning. Our gross profit margin for property management services decreased from 26.7% in the four months ended April 30, 2019 to 6.4% in the four months ended April 30, 2020, primarily due to an increase in cost of sales as a result of the expenditures in properties under our management on staff and other costs to combat the COVID-19 pandemic. See “Business — Effects of the COVID-19 Pandemic” for more details.

Finance Income

Finance income primarily consists of interest income from our bank deposits, as well as interest income from funds we advanced to joint ventures and associates in 2018 and 2019. Our finance income amounted to RMB16.9 million, RMB71.4 million, RMB151.9 million, RMB26.2 million and RMB37.8 million in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively, among which, our interest income from joint ventures and associates was nil, RMB36.5 million, RMB65.2 million, RMB10.5 million and nil in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. For details, see “— Related Party Transactions — Significant Related Party Transactions.”

FINANCIAL INFORMATION

Other Income and Gains

The following table sets forth a breakdown of other income and gains during the periods indicated, both in absolute amount and as a percentage of total other income and gains.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Gain on bargain purchase...	22,437	17.1	–	–	–	–	–	–	–	–
Gain on disposal of associates	15,130	11.5	–	–	–	–	–	–	–	–
Gain on disposal of subsidiaries	–	–	9,969	27.1	4,032	4.2	–	–	1,058	2.4
Subsidy income	22,725	17.3	4,019	10.9	70,756	74.2	56,736	89.8	24,351	56.0
Deposit forfeiture.....	1,445	1.1	2,168	5.9	2,593	2.7	1,084	1.7	2,060	4.7
Investment income from financial assets at FVTPL.....	2,279	1.7	11,547	31.5	1,938	2.0	169	0.3	83	0.2
Gain on disposal of items of property, plant and equipment.....	388	0.3	485	1.3	1,438	1.5	967	1.5	1,197	2.8
Foreign exchange differences, net	–	–	–	–	–	–	834	1.3	10,459	24.1
Gain on remeasurement of previously held equity interests in joint ventures and associates	60,824	46.6	1,558	4.2	–	–	–	–	–	–
Others ⁽¹⁾	5,803	4.4	7,043	19.1	14,618	15.4	3,400	5.4	4,279	9.8
Total	131,031	100.0	36,789	100.0	95,375	100.0	63,190	100.0	43,487	100.0

Note:

(1) Refer to collection of utility fees and disposal of low value consumables in our sales offices.

Gain on Disposal of Associates and Subsidiaries

Gain on disposal of associates and subsidiaries arises when considerations we received in exchange for equity interests in our subsidiaries and associates exceed the carrying amount of such associates or subsidiaries attributable to us at the time of disposal. We disposed of certain associates during the Track Record Period and recorded one-off gains on such disposals in 2017 in an aggregate amount of RMB15.1 million. We disposed of certain subsidiaries during the Track Record Period and recorded one-off gains in an aggregate amount of RMB10.0 million, RMB4.0 million, nil and RMB1.1 million in 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively.

FINANCIAL INFORMATION

Subsidy Income

Subsidy income primarily includes (i) government refund of fees and taxes of RMB22.2 million in 2017; and (ii) subsidies provided by local governments in Shaoxing to reward us for our assistance to help local bankrupt enterprise settle its claims and debt. We acquired a property project which were under development from a company undergoing bankruptcy procedures through judicial auction. Such company used proceeds from the acquisition to settle its claims and debt. Because our acquisition of such property project led to the subsequent construction completion and property delivery, the local government granted us a financial reward. Such subsidies were generally non-recurring in nature. Our subsidy income was relatively high in 2017 and 2019, primarily due to the LAT refund of RMB22.2 million in relation to a project in Cixi in 2017 where we had overpaid LAT, and government subsidies of RMB64.4 million received from local governments in Shaoxing in 2019. In the four months ended April 30, 2020, our subsidy income of RMB24.4 million primarily includes (i) an RMB19.0 million award from local government in Zhuji in recognition of our tax contributions; and (ii) an RMB1.2 million award in recognition of our quality in property construction. These government subsidies were generally non-recurring in nature.

Deposit Forfeiture

We typically receive deposits when customers enter into property pre-sale or sale agreements with us, which are forfeited by the customers and retained by us when the customers decide not to proceed with the relevant transactions.

Investment Income from Financial Assets at FVTPL

Investment income from financial assets at FVTPL primarily include investment income from wealth management products purchased by us from nationally renowned commercial banks and other financial institutions. During the Track Record Period, we primarily invested in low-risk domestic funds. See “— Description of Certain Combined Statements of Financial Position Items — Financial Assets at FVTPL” below for details. We have established strict investment management procedures in response to the potential investment risks. We only invest in low-risk wealth management products. See “— Liquidity and Capital Resources — Treasury Management Policies” below for details.

Foreign Exchange Differences, net

Foreign exchange differences, net relates to certain receivables denominated in U.S. dollars, and represents gains from fluctuations of interest rate between Renminbi and U.S. dollars.

FINANCIAL INFORMATION

Gain on Bargain Purchase and Gain on Remeasurement of Previously Held Equity Interests in Joint Ventures and Associates

Gain on remeasurement of previously held equity interest represents the excess of fair value of long-term investment in joint ventures and/or associates over its book value at the time of our conversion of the joint ventures and/or associates into our subsidiaries. In May 2017, through equity acquisition agreements, we increased our equity interests in three joint ventures and, as a result, made them our subsidiaries. From such equity acquisitions, we recorded one-off gain on bargain purchase of RMB22.4 million and one-off gain on remeasurement of previously held equity interests of RMB60.8 million in 2017. For details on the transaction, see note 36(A)(a) to the Accountants' Report included in Appendix I to this Prospectus.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff related expenses; (ii) advertising expenses, which primarily relate to marketing channel service fees and marketing campaign planning expenses; (iii) sales commissions paid to third-party sales agents; (iv) office expenses; (v) marketing facilities expenses which primarily represent expenses incurred for building sales offices and fees related to interior decoration of display units; and (vi) other expenses. The following table sets forth a breakdown of our selling and distribution expenses during the periods indicated, both in absolute amount and as a percentage of total selling and distribution expenses.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Staff related expenses	126,816	25.4	265,764	35.3	435,434	40.5	152,674	42.8	143,148	54.2
Advertising expenses	260,444	51.8	333,962	44.3	384,412	35.8	144,593	40.6	74,488	28.2
Sales commissions	19,172	3.8	26,069	3.5	34,231	3.2	5,298	1.5	2,273	0.9
Office expenses	33,409	6.6	50,730	6.7	63,282	5.9	19,581	5.5	17,385	6.6
Marketing facilities expenses	60,470	12.0	68,535	9.1	140,412	13.1	29,179	8.2	23,794	9.0
Others ⁽¹⁾	2,213	0.4	7,934	1.1	16,128	1.5	5,182	1.4	2,943	1.1
Total	502,524	100.0	752,994	100.0	1,073,899	100.0	356,507	100.0	264,031	100.0

Note:

(1) Include expenses incurred in providing customer services, event services, and promotional materials.

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses mainly consist of (i) staff related expenses; (ii) travel and entertainment expenses; (iii) tax expenses such as land usage tax, property tax, stamp tax and other miscellaneous taxes; (iv) office expenses; (v) depreciation and amortization expenses; (vi) third-party professional service expenses which primarily represent consulting fees; (vii) listing expenses; (viii) bank service charges; (ix) lease expenses; and (x) others. The following table sets forth a breakdown of our administrative expenses during the periods indicated, both in absolute amount and as a percentage of total administrative expenses.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Staff related expenses	236,457	45.5	590,382	52.6	610,856	54.3	190,673	53.8	206,328	60.4
Travel and entertainment expenses	58,385	11.2	86,369	7.7	101,953	9.1	29,914	8.4	22,240	6.5
Tax expenses	73,804	14.1	130,725	11.7	115,518	10.3	29,357	8.3	20,851	6.1
Office expenses	75,873	14.5	145,501	13.0	95,614	8.5	42,120	11.9	24,348	7.1
Depreciation and amortization expenses	37,196	7.1	45,632	4.1	85,990	7.6	36,924	10.4	29,826	8.7
Third-party professional service expenses	22,468	4.3	87,135	7.8	81,355	7.2	9,763	2.8	20,762	6.1
Listing expenses ...	–	–	–	–	–	–	–	–	12,470	3.7
Bank service charges	10,134	1.9	7,432	0.7	8,030	0.7	1,204	0.3	3,118	0.9
Lease expenses	3,281	0.6	15,228	1.4	15,887	1.4	11,136	3.1	971	0.3
Others	4,155	0.8	10,703	1.0	10,242	0.9	3,452	1.0	664	0.2
Total	521,753	100.0	1,119,107	100.0	1,125,445	100.0	354,543	100.0	341,578	100.0

Other Expenses

Our other expenses primarily consist of (i) donations to non-profit organizations and local communities for purposes of poverty elimination, tuition sponsorship, infrastructure construction, disaster relief and elderly care, among others. As we expanded in business scale in terms of revenue and geographic coverage during the Track Record Period, and out of a sense of social responsibility, we increased the number of organizations and communities to which we donated as well as the total amount of corporate donations; (ii) penalties paid for late payment of tax and certain non-compliances in relation to our property development activities. See “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents” for more details on certain material non-compliance incidents; (iii) compensation mainly for delayed delivery in 2018 of one property project in Yueyang and in 2019 of three projects in Shaoxing and one project in Chuzhou; (iv) exchange losses incurred as a result of our receivables denominated in U.S. dollars and the depreciation of U.S. dollars; (v) loss on disposal of joint ventures; (vi) asset impairment losses

FINANCIAL INFORMATION

which represent impairment on amounts due from third parties, other receivables and other deposits, as well as an RMB53.0 million impairment loss in long-term investment in joint ventures incurred in 2019 in relation to a project located in Huzhou, Zhejiang Province which we developed through a joint venture, due to the uncertainties arising from the changing local government policies on land supply and subsequent settlements with the affected real estate developers, including ourselves; and (vii) loss of properties under development of RMB22.9 million in 2019. In 2018, we acquired a project company at a premium in order to acquire the parcel of land held by such project company. In 2019, due to changes in local government planning, the local government repurchased the land at a price lower than our equity acquisition consideration for the project company. As a result, we recorded one-off loss of properties under development of RMB22.9 million in 2019, representing the differences between the equity acquisition consideration paid by us and the land price repurchased by the local government, plus costs incurred by us prior to the repurchase of the land parcel by the local government. We recognized the shortfall as loss of properties under development. The following table sets forth a breakdown of other expenses during the periods indicated, both in absolute amount and as a percentage of total other expenses.

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Donation ⁽¹⁾	25,584	55.4	31,808	45.7	53,370	26.8	60	1.8	12,199	44.1
Penalties	8,243	17.9	24,269	34.9	8,199	4.1	1,597	47.3	7,320	26.5
Compensation	2,104	4.6	10,088	14.5	31,510	15.8	2	0.1	5,602	20.3
Exchange losses	–	–	2,446	3.5	11,724	5.9	–	–	–	–
Loss on disposal of joint ventures	–	–	–	–	–	–	–	–	1,834	6.6
Asset impairment losses	8,863	19.2	487	0.7	66,574	33.4	1,659	49.1	–	–
Loss of properties under development	–	–	–	–	22,927	11.5	–	–	–	–
Others	1,358	2.9	532	0.7	5,067	2.5	58	1.7	696	2.5
Total	46,152	100.0	69,630	100.0	199,371	100.0	3,376	100.0	27,651	100.0

Note:

- (1) Donations are primarily made to local communities in cities where we had business operations, schools, labor unions, charity funds and public interest funds.

Fair Value Gains on Investment Properties

The fair value gains on our investment properties were RMB17.3 million, RMB14.0 million, RMB22.4 million, RMB18.2 million and RMB0.9 million in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Changes of fair value gains on investment properties primarily reflect changes to the market fair value of our investment properties in China, which is subject to change at each year end based on valuations performed by an independent professionally qualified valuer. As of December 31, 2017, 2018 and 2019 and April 30, 2020, the fair value of our investment properties was RMB568.1 million, RMB1,102.6 million, RMB1,492.6 million and RMB2,014.8 million, respectively.

FINANCIAL INFORMATION

Finance Costs

Our finance costs mainly consist of (i) interest on bank and other borrowings, ABS, senior notes and lease liabilities; and (ii) interest expense arising from revenue contracts which represents interest expenses recognized for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties, less capitalized interests. The following table sets forth a breakdown of our finance costs by source during the periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
Interest on bank and other borrowings	1,374,575	2,559,191	3,223,183	693,812	1,081,827
Interest on ABS	22,099	203,549	255,634	96,157	15,464
Interest on senior notes	–	34,942	62,359	25,170	49,827
Interest on lease liabilities	1,358	1,561	7,340	1,184	3,031
Interest expense arising from revenue contracts	481,717	672,109	928,918	368,080	369,994
Subtotal	1,879,749	3,471,352	4,477,434	1,184,403	1,520,143
Less: Interest capitalized	(1,659,433)	(3,039,242)	(3,699,864)	(1,030,053)	(1,341,564)
Total	220,316	432,110	777,570	154,350	178,579

Share of Profits and Losses of Joint Ventures

We co-develop property projects by establishing joint ventures with third-party property developers. Our joint ventures are entities over which we have joint control. We generally expect to incur share of losses in our joint ventures until the respective property development project is completed and starts to generate revenue. In 2017, we recorded share of profit of RMB1.2 million, primarily due to revenue and profit from a project operated by a joint venture in Huzhou, Zhejiang Province. In 2018 and 2019 and the four months ended April 30, 2019, we recorded share of losses of RMB30.5 million, RMB54.6 million and RMB5.2 million, respectively, primarily because a majority of projects which we co-developed through joint ventures were not completed or delivered yet and therefore did not generate significant revenue, but incurred large operating expenses. In the four months ended April 30, 2020, we recorded share of profit of joint venture of RMB42.2 million, primarily because properties developed by joint ventures in Futian, Jiangxi Province began delivery in the four months ended April 30, 2020 and generated revenue.

FINANCIAL INFORMATION

Share of Profits and Losses of Associates

We co-develop property projects by establishing associates with third-party, property developers. We generally expect to incur share of losses in our associates until the respective property development project is completed and starts to generate revenue. In 2017 and 2018, we recorded share of losses of RMB1.3 million and RMB30.9 million, respectively, primarily because a majority of projects which we co-developed with our associates were not completed or delivered yet and therefore did not generate any revenue, but incurred certain operating expenses. In 2019, we recorded share of profit of RMB11.5 million primarily because two projects we co-developed with associates began deliveries to purchasers and generated revenue and profit. In the four months ended April 30, 2019 and 2020, we recorded share of losses of associate of RMB6.7 million and RMB13.2 million, respectively, primarily because a majority of projects developed by our associates were not delivered during these periods and therefore did not generate any revenue, but incurred certain operating expenses.

Income Tax

Income tax represents corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our effective corporate income tax rate after deducting the tax effect from LAT was 30.3%, 21.8%, 29.2%, (8.6)% and 27.1%, respectively. Our effective corporate tax rates in 2018 was lower than 25%, the uniform corporate income tax applied in the PRC, because we deregistered Cixi Shinsun Real Estate Co., Ltd. (慈溪祥生置業有限公司) in 2018, which led to loss in long-term investment and decrease in its corporate income tax expense in 2018. Our effective corporate tax rate in the four months ended April 30, 2019 was negative, primarily due to losses during the period. The following table sets forth the components of our income tax expense for the periods indicated.

	Year ended December 31,			Four months ended	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
Current tax:					
PRC Corporate income tax	500,293	901,296	1,596,364	228,962	353,434
PRC LAT	118,397	138,881	995,483	37,696	244,740
Deferred tax	(624,585)	(782,055)	(270,454)	(219,855)	(130,583)
Total	(5,895)	258,122	2,321,393	46,803	467,591

When property projects begin pre-sales, we are required to calculate and pay corporate income taxes based on estimated profit margins of the relevant projects, which are recognized as deferred tax assets and deferred tax credits, and the deferred tax assets will be released to combined statements of profit or loss and other comprehensive income when the relevant properties are delivered, and the relevant revenue and profits are actually recognized. In 2017

FINANCIAL INFORMATION

and 2018, we recognized deferred tax credits of RMB624.6 million and RMB782.1 million, respectively, primarily because the amount of contracted sales in 2017 and 2018 were significantly larger than the amount of revenue recognized as a result of our significant expansion in business scale during the same years.

Our LAT increased significantly from 2018 to 2019, primarily due to (i) the relatively higher gross profit margin in 2019, which in turn was because of increased recognized ASP in 2019; and (ii) progressive LAT tax rate which led to significant increase in LAT expenses at a higher rate than growth in gross profit. Our LAT increased significantly from RMB37.7 million in the four months ended April 30, 2019 to RMB244.7 million in the four months ended April 30, 2020, primarily due to (i) the relatively higher gross profit margin in the four months ended April 30, 2020; and (ii) progressive LAT tax rate.

During the Track Record Period and up to the Latest Practicable Date, we had paid substantially all relevant taxes when due and there are no material matters in dispute or unresolved with the relevant tax authorities.

(Loss)/Profit for the Year/Period

As a result of the foregoing, we recorded a net profit of RMB427.9 million, RMB3,209.0 million and RMB600.3 million in 2018 and 2019 and the four months ended April 30, 2020, respectively. We recorded a net loss of RMB285.9 million in 2017, which was primarily because we accelerated our property development activities and geographical expansion since 2016 and incurred significant administrative expenses and selling and distribution expenses in 2017, while the total recognized GFA, as well as the recognized ASP were relatively low in 2017, resulting in the relatively low gross profit of RMB833.8 million in 2017 compared to RMB2,999.2 million and RMB8,480.1 million in 2018 and 2019, respectively, as well as the relatively low gross profit margin of 13.2% in 2017 compared to 21.1% and 23.9% in 2018 and 2019, respectively. We recorded a net loss of RMB115.6 million in the four months ended April 30, 2019, primarily due to our delivery schedule in 2019 under which we delivered a large number of properties after April 30, 2019.

Certain of our subsidiaries experienced tax losses during the Track Record Period. Our total tax losses increased from RMB150.8 million in 2018 to RMB458.7 million in 2019 and further to RMB496.1 million in the four months ended April 30, 2020, primarily because (i) more subsidiaries were in the final settlement stage of the relevant projects 2019 compared to 2018, and such projects experienced overall gains despite the tax losses in 2018, 2019 and the four months ended April 30, 2020; (ii) losses incurred by Nanping Shinsun Real Estate Development Co., Ltd. due to the low prices it was able to charge and the relatively high land development costs. See “— Description of Certain Combined Statements of Financial Position Items — Properties under Development” for more details; (iii) certain interest and administrative expenses in relation to the issuer of our RMB denominated senior notes which did not generate revenue in the corresponding periods; and (iv) our commercial property management subsidiary was still in the ramp-up stage whose financial performance is expected to improve after the ramp-up stage.

FINANCIAL INFORMATION

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands as an exempt company with limited liability. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax had been made during the Track Record Period as we did not generate any assessable profits arising in Hong Kong.

PRC

PRC Corporate Income tax

Pursuant to the relevant PRC laws and regulations, a uniform 25% corporate income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Substantially all of our subsidiaries are subject to the 25% corporate income tax rate. Moreover, our funds are expected to be retained in the PRC for our operations and we do not expect our PRC subsidiaries to distribute such earnings in the foreseeable future. Therefore, no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

PRC LAT

Under PRC laws and regulations, our subsidiaries in the PRC are subject to LAT as determined by the local authorities in the location in which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from property development and sales less deductible expenditures including land costs, borrowing costs and other property development expenditures.

FINANCIAL INFORMATION

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2020 Compared to Four Months Ended April 30, 2019

Revenue

Our revenue increased significantly from RMB3,835.1 million in the four months ended April 30, 2019 to RMB8,551.9 million in the four months ended April 30, 2020, primarily reflecting the following:

- *An increase in revenue from property development and sales* — Our revenue from property development and sales increased significantly from RMB3,786.5 million in the four months ended April 30, 2019 to RMB8,515.1 million in the four months ended April 30, 2020, primarily attributable to an increase in recognized GFA and recognized ASP, following our “1+1+X” expansion strategy. Our recognized GFA increased significantly from 432,168 sq.m. in the four months ended April 30, 2019 to 898,231 sq.m. in the four months ended April 30, 2020, which was attributable to an increase in our recognized GFA primarily in Zhejiang Province and Pan-Yangtze River Delta Region. The increase in recognized ASP from RMB8,762 in the four months ended April 30, 2019 to RMB9,480 in the four months ended April 30, 2020 was primarily driven by the increase in recognized ASP of properties delivered in Zhejiang Province, in particular, Ningbo and Shaoxing. For details, see “— Results of Operations — Revenue” above.
- *An increase in revenue from management consulting services* — Our management consulting service revenue increased by 22.4% from RMB4.9 million in the four months ended April 30, 2019 to RMB6.0 million in the four months ended April 30, 2020, primarily due to an increase in the volume of management consulting services.

Cost of Sales

Our cost of sales increased significantly from RMB3,130.8 million in the four months ended April 30, 2019 to RMB6,783.3 million in the four months ended April 30, 2020, primarily due to a significant increase in the scale of our operation as evidenced by the increase in our recognized GFA over the same periods. As a percentage of our revenue, our cost of sales decreased slightly from 81.6% in the four months ended April 30, 2019 to 79.3% in the four months ended April 30, 2020, primarily due to an increase in recognized ASP per sq.m. from RMB8,762 to RMB9,480. See “— Results of Operations — Revenue” for more details on our recognized ASP.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB704.3 million in the four months ended April 30, 2019 to RMB1,768.6 million in the four months ended April 30, 2020. Our gross profit margin increased from 18.4% in the four months ended April 30, 2019 to 20.7% in the four months ended April 30, 2020, primarily due to the increase in recognized ASP per sq.m., which in turn was primarily due to (i) the delivery of several relatively high gross profit margin projects in the four months ended April 30, 2020, such as Zhuji Shinsun West Lake Mansion (諸暨祥生西湖公館), Zhuji Shinsun Future City (諸暨祥生未來城) and Anji Shinsun Oriental Arbor Garden (安吉祥生東方樾花園); and (ii) the standardization of our project development and strategic land acquisitions, which enabled us to acquire land at reasonable cost and place effective control on development costs.

Finance Income

Our finance income increased by 44.3% from RMB26.2 million in the four months ended April 30, 2019 to RMB37.8 million in the four months ended April 30, 2020, primarily due to an increase in average daily bank deposit balances.

Other Income and Gains

Our other income and gains decreased by 31.2% from RMB63.2 million in the four months ended April 30, 2019 to RMB43.5 million in the four months ended April 30, 2020, primarily due to a decrease in subsidy income from RMB56.7 million in the four months ended April 30, 2019 to RMB24.4 million in the four months ended April 30, 2020, partially offset by an increase in foreign exchange gain recorded primarily due to fluctuations in the exchange rate between U.S. dollars and Renminbi.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 25.9% from RMB356.5 million in the four months ended April 30, 2019 to RMB264.0 million in the four months ended April 30, 2020, primarily due to (i) a decrease in advertising expenses as we gradually reduced the amount of advertisement placement and increasingly relied on our sales staff and external agents to promote sales of our properties; and (ii) a decrease in staff related expenses arising out of our temporary closure of certain sales offices and reduction in other sales activities due to the COVID-19 pandemic.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB354.5 million and RMB341.6 million in the four months ended April 30, 2019 and 2020.

FINANCIAL INFORMATION

Other Expenses

Our other expenses increased significantly from RMB3.4 million in the four months ended April 30, 2019 to RMB27.7 million in the four months ended April 30, 2020, primarily due to (i) corporate donations of RMB9.0 million from our Group to a non-profit organization in Zhejiang Province dedicated to the fight against the COVID-19 pandemic; (ii) an RMB5.7 million increase in penalties paid; and (iii) an RMB5.6 million increase in compensation paid mainly as a result of delayed delivery of projects in Shaoxing and Lianyungang.

Fair Value Gains on Investment Properties

Fair value gains on investment properties was RMB18.2 million and RMB0.9 million in the four months ended April 30, 2019 and 2020, as a result of changes to the market fair value of our investment properties in the respective periods, as evaluated by an independent professionally qualified valuer.

Finance Cost

Our finance costs increased by 15.7% from RMB154.4 million in the four months ended April 30, 2019 to RMB178.6 million in the four months ended April 30, 2020, primarily due to the increased total interest expenses driven by our increased bank and other borrowings and senior notes in the four months ended April 30, 2020 to meet our increased need for financing the development of our property projects to support our business growth, as partially offset by a corresponding increase in interest expenses capitalized.

Share of Profits and Losses of Joint Ventures

We recorded share of loss of RMB5.2 million in the four months ended April 30, 2019 and share of profit of RMB42.2 million in the four months ended April 30, 2020. In the four months ended April 30, 2019, most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue. We recorded share of profit of joint ventures in the four months ended April 30, 2020 in relation to the profit from joint venture projects in Jiangxi Province operated by joint ventures.

Share of Profits and Losses of Associates

We recorded shares of losses of associates of RMB6.7 million and RMB13.2 million in the four months ended April 30, 2019 and 2020, respectively, because most projects that we co-developed with associates were not delivered and therefore did not generate any revenue.

(Loss)/Profit before Income Tax

As a result of the foregoing, our loss before tax was RMB68.8 million in the four months ended April 30, 2019, and our profit before tax was RMB1,067.9 million in the four months ended April 30, 2020.

FINANCIAL INFORMATION

Income Tax

Our income tax expense increased from RMB46.8 million in the four months ended April 30, 2019 to RMB467.6 million in the four months ended April 30, 2020, primarily due to (i) an increase in taxable income and LAT as a result of an increase in revenue, as well as gross profit derived from property development and sales; and (ii) a decrease in deferred tax.

(Loss)/Profit for the Period

As a result of the foregoing, we recorded a net loss for the period of RMB115.6 million in the four months ended April 30, 2019, and a net profit for the period of RMB600.3 million in the four months ended April 30, 2020.

2019 Compared to 2018

Revenue

Our revenue increased significantly from RMB14,215.3 million in 2018 to RMB35,519.5 million in 2019, primarily reflecting the following:

- *An increase in revenue from property development and sales* — Our revenue from property development and sales increased significantly from RMB14,077.2 million in 2018 to RMB35,372.2 million in 2019, primarily attributable to an increase in recognized GFA and recognized ASP, following our “1+1+X” expansion strategy. Our recognized GFA increased significantly from 1,422,554 sq.m. in 2018 to 3,488,380 sq.m. in 2019, which was attributable to an increase in our recognized GFA primarily in Zhejiang Province and Pan-Yangtze River Delta Region, and to a lesser extent, the other regions. The increase in recognized ASP from RMB9,896 in 2018 to RMB10,140 in 2019 was primarily driven by the increase in recognized ASP of properties delivered in Zhejiang Province, in particular, Hangzhou and the cities surrounding Hangzhou. For details, see “— Results of Operations — Revenue” above.
- *An increase in revenue from management consulting services* — Our management consulting service revenue increased significantly from RMB9.0 million in 2018 to RMB23.9 million in 2019, primarily due to an increase in the number of projects to which we provided management consulting services from three in 2018 to five in 2019.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased significantly from RMB11,216.1 million in 2018 to RMB27,039.4 million in 2019, primarily due to a significant increase in the scale of our operation as evidenced by the increase in our recognized GFA from 2018 to 2019. As a percentage of our revenue, our cost of sales decreased from 78.9% in 2018 to 76.1% in 2019. Such decrease was primarily attributable to a slight decrease in average land acquisition cost per sq.m. recognized from RMB2,937 in 2018 to RMB2,915 in 2019, primarily reflecting our expansion into the new markets, such as Xiantao, a lower-tier city where land acquisition cost is relatively lower.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased significantly from RMB2,999.2 million in 2018 to RMB8,480.1 million in 2019. Our gross profit margin increased from 21.1% in 2018 to 23.9% in 2019, primarily due to increases in recognized ASP per sq.m. and decrease in average cost of delivered GFA, which in turn was primarily due to (i) the delivery of several relatively high gross profit margin projects in 2019, such as Zhuji Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府), Quzhou Shinsun Yunqi Xinyu (衢州祥生雲栖新語小區), Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓), Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓), Huzhou Shinsun Yueshan Lake Garden (湖州祥生悅山湖花園), Haiyan Shinsun Yuelan Bay (海鹽祥生悅瀾灣) and Zhuji Shinsun Rui Garden (諸暨祥生瑞園); (ii) the standardization of our project development and strategic land acquisitions, which enabled us to acquire land at reasonable cost and place effective control on development costs; and (iii) the general increase in residential property market condition in Zhejiang Province in 2019.

Finance Income

Our finance income increased significantly from RMB71.4 million in 2018 to RMB151.9 million in 2019, primarily due to an increase in average daily bank deposit balances. The increase in finance income was also attributable to the recognition of RMB36.5 million and RMB65.2 million interest income from advances made to joint ventures and associates in 2018 and 2019, respectively. See “— Related Party Transactions.”

Other Income and Gains

Our other income and gains increased significantly from RMB36.8 million in 2018 to RMB95.4 million in 2019, primarily attributable to the RMB64.4 million government subsidies received from the local government in Shaoxing in 2019, partially offset by a decrease in investment income from financial assets at FVTPL from RMB11.5 million in 2018 to RMB1.9 million in 2019, primarily reflecting fluctuations in the market value as well as our redemption of wealth management products.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses increased by 42.6% from RMB753.0 million in 2018 to RMB1,073.9 million in 2019, primarily due to (i) an increase in staff related costs in line with our business expansion; (ii) an increase in marketing facilities expenses as we increased our investment in marketing facilities with a view to improving the interior decorations of such facilities; and (iii) an increase in our advertising expenses. As a percentage of our total selling and distribution expenses, however, our advertising expenses decreased from 44.3% in 2018 to 35.8% in 2019, primarily due to our gradual shifts to other promotional efforts.

Administrative Expenses

Our administrative expenses remained stable at RMB1,119.1 million in 2018 and RMB1,125.4 million in 2019.

Other Expenses

Our other expenses increased significantly from RMB69.6 million in 2018 to RMB199.4 million in 2019, primarily due to (i) an RMB53.0 million asset impairment loss in long-term investment in joint ventures incurred in 2019 in relation to a joint venture project in Huzhou, Zhejiang Province in 2019; (ii) an RMB21.4 million increase in compensation paid mainly as a result of delayed delivery of three property projects located in Shaoxing and one property project in Chuzhou in 2019; (iii) an RMB22.9 million loss of properties under development in 2019 due to losses in relation to government repurchase of one of our land parcels acquired in 2018 (see “— Results of Operations — Other Expenses” above for details); and (iv) an RMB21.6 million increase in corporate donations from 2018 to 2019.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased from RMB14.0 million in 2018 to RMB22.4 million in 2019 primarily attributable to the appreciation in value of the Tiantai Shinsun Century Square (天台祥生世紀廣場) project in 2019.

Finance Costs

Our finance costs increased by 80.0% from RMB432.1 million in 2018 to RMB777.6 million in 2019, primarily due to an increase in interest expenses on bank and other borrowings, ABS and senior notes, which was in line with (i) our increased bank and other borrowings and senior notes in 2019 to meet our increased need for financing the development of our property projects to support our business growth and an increase in interest expenses arising from revenue contracts in line with the increase in pre-sale proceeds, as partially offset by a corresponding increase in interest expenses capitalized; and (ii) the increase in weighted average effective interest rate from 8.13% in 2018 to 9.28% in 2019 as a result of the increased portion of trust financing which generally had higher interest rate as compared to bank loans and senior notes.

FINANCIAL INFORMATION

Share of Profits and Losses of Joint Ventures

We recorded share of losses of joint ventures of RMB30.5 million and RMB54.6 million in 2018 and 2019, respectively. In 2018 and 2019, most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue, while incurring increasing expenses related to the projects.

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB30.9 million in 2018 and share of profit of associates of RMB11.5 million in 2019. In 2018, most projects that we co-developed with associates were not delivered and therefore did not generate any revenue. We recorded share of profit of associates in 2019 primarily because two projects developed by our associates started property delivery in 2019.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased significantly from RMB686.1 million in 2018 to RMB5,530.3 million in 2019.

Income Tax

Our income tax expense increased significantly from RMB258.1 million in 2018 to RMB2,321.4 million in 2019, primarily due to an increase in taxable income and LAT as a result of an increase in revenue, as well as gross profit derived from property development and sales and a decrease in deferred tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB427.9 million in 2018 to RMB3,209.0 million in 2019.

2018 Compared to 2017

Revenue

Our revenue increased significantly from RMB6,293.3 million in 2017 to RMB14,215.3 million in 2018, primarily reflecting the following.

- *An increase in revenue from property development and sales* — Our revenue from property development and sales increased significantly from RMB6,165.7 million in 2017 to RMB14,077.2 million in 2018, primarily attributable to (i) a significant increase in recognized GFA from 838,289 sq.m. in 2017 to 1,422,554 sq.m. in 2018; following the “1+1+X” expansion strategy; and (ii) an increase in recognized ASP

FINANCIAL INFORMATION

from RMB7,355 per sq.m. in 2017 to RMB9,896 per sq.m. in 2018, primarily due to an increase in delivery of properties in Zhejiang Province in 2018, such as Hangzhou, Zhoushan and Huzhou. For details, see “— Results of Operations — Revenue” above.

- *An increase in revenue from management consulting services* — We started to provide management consulting service to customers primarily consisting of joint ventures and associates in 2018 and as a result recorded RMB9.0 million service income in 2018.

Cost of Sales

Our cost of sales increased significantly from RMB5,459.5 million in 2017 to RMB11,216.1 million in 2018, primarily attributable to an increase in cost of sales for property development and sales which was in line with the increased scale of our operations. As a percentage of our revenue, our cost of sales decreased from 86.8% in 2017 to 78.9% in 2018, which was primarily because the increase in recognized ASP outpaced the increase in average cost of sales per sq.m. delivered.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB833.8 million in 2017 to RMB2,999.2 million in 2018. Our gross profit margin increased from 13.2% in 2017 to 21.1% in 2018, primarily because the increases in recognized ASP per sq.m. outpaced the increases in average cost of delivered GFA. In particular, the increase was primarily attributable to the delivery of several high gross profit margin properties in 2018, such as Zhoushan Shinsun Nanshan County Garden (舟山祥生南山郡花園), Zhuji Shinsun Mansion (諸暨祥生府) and Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓).

Finance Income

Our finance income increased significantly from RMB16.9 million in 2017 to RMB71.4 million in 2018, primarily due to (i) an increase in average daily bank deposit balances and (ii) finance income of RMB36.5 million from related parties in 2018. See “— Related Party Transactions.”

Other Income and Gains

Our other income and gains decreased significantly from RMB131.0 million in 2017 to RMB36.8 million in 2018, primarily because (i) one-off gain on remeasurement of previously held equity interest in joint venture and associates of RMB60.8 million and one-off gain on bargain purchase of RMB22.4 million recorded in 2017 in relation to our increased equity

FINANCIAL INFORMATION

interests in three joint ventures as a result of which we made them as our subsidiaries (for details, see “— Results of Operations — Other Income and Gains” above for details); and (ii) the tax refund of RMB22.2 million in relation to a project in Cixi received in 2017.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 49.8% from RMB502.5 million in 2017 to RMB753.0 million in 2018, primarily due to (i) the increases in staff related expenses, office expenses and marketing facilities expenses in line with our business expansion; and (ii) an increase in advertising expenses in line with the increase in our newly-launched property projects. As a percentage of our total selling and distribution expenses, however, our advertising expenses decreased from 51.8% in 2017 to 44.3% in 2018, primarily due to our gradual shifts to other promotional efforts.

Administrative Expenses

Our administrative expenses increased significantly from RMB521.8 million in 2017 to RMB1,119.1 million in 2018, primarily due to (i) an increase in the number of projects under development and planned for future development which was in line with our business expansion, resulting in the increases in our staff related expenses, travel and entertainment expenses, tax expenses, office related expenses and depreciation and amortization expenses; and (ii) an increase in third-party professional service expenses as a result of our increasing needs for business and strategic consulting to support our growing business scale.

Other Expenses

Our other expenses increased by 50.9%, or 23.5 million, from RMB46.2 million in 2017 to RMB69.6 million in 2018, primarily due to (i) an increase of RMB16.0 million in penalties paid for certain non-compliances and late payment of tax from RMB8.2 million in 2017 to RMB24.3 million in 2018; and (ii) an increase of RMB6.2 million in corporate donations from RMB25.6 million in 2017 to RMB31.8 million in 2018.

Finance Costs

Our finance costs increased by 96.1% from RMB220.3 million in 2017 to RMB432.1 million in 2018, primarily due to an increase in interest expenses on bank and other borrowings, ABS and senior notes, which was in line with our increased bank and other borrowings, ABS and senior notes in 2018 to meet increased need for financing the development of our property projects to support our business growth and an increase in interest expenses arising from revenue contracts in line with the increase in pre-sale proceeds, as partially offset by a corresponding increase in interest expenses capitalized.

FINANCIAL INFORMATION

Share of Profits and Losses of Joint Ventures

We recorded share of profit of RMB1.2 million in 2017 and share of loss of RMB30.5 million in 2018. We recorded share of profit of joint ventures in 2017 in relation to the profit from a joint venture project in Huzhou, Zhejiang Province operated by a joint venture. In 2018, most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue.

Share of Profits and Losses of Associates

We recorded share of losses of RMB1.3 million and RMB30.9 million in 2017 and 2018, respectively. In 2018, most projects that we co-developed with associates were not delivered and therefore did not generate any revenue.

(Loss)/Profit before Income Tax

As a result of the foregoing, our loss before tax was RMB291.8 million in 2017, and our profit before tax was RMB686.1 million in 2018.

Income Tax

We recorded income tax credit of RMB5.9 million in 2017, as a result of deferred tax of RMB624.6 million in 2017 which was partially offset by income tax of RMB500.3 million and LAT of RMB118.4 million. We recorded income tax expense of RMB258.1 million in 2018 in line with the increase in revenue derived from property development and sales.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded a net loss for the year of RMB285.9 million in 2017, and a net profit for the year of RMB427.9 million in 2018. We recorded a net loss in 2017 primarily because we accelerated our property development activities and geographical expansion since 2016 by following our “1+1+X” strategy and incurred significant administrative expenses and selling and distribution expenses in 2017, while the total recognized GFA, as well as the recognized ASP were relatively low in 2017, resulting in the relatively low gross profit margin of 13.2% in 2017, compared to 21.1% and 23.9% in 2018 and 2019, respectively.

FINANCIAL INFORMATION

DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Investment Properties

We hold certain investment properties located in the PRC from which we generate property leasing revenue and gains from property market value appreciation. The fair value of each of our investment properties has fluctuated, and is likely to fluctuate, in accordance with the prevailing property market conditions. As of December 31, 2017, 2018 and 2019 and April 30, 2020, the market value of our investment properties was RMB568.1 million, RMB1,102.6 million, RMB1,492.6 million and RMB2,014.8 million, respectively. The increases in fair value of our investment properties during the Track Record Period were primarily due to (i) fluctuations in market value of our investment properties as measured at the end of each year by independent professional valuers; and (ii) the reclassification of Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively.

We include gains or losses arising from changes in the fair value of investment property in our combined statement of profit or loss and other comprehensive income in the year in which they arise.

For details on net gains related to our investment properties, fair value hierarchy and valuation techniques, see note 15 to the Accountants' Report included in Appendix I to this Prospectus.

Properties under Development

Properties under development are intended to be held for sale after completion. We state properties under development at the lower of (i) costs comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period; and (ii) net realizable value.

Our properties under development was RMB51,665.6 million, RMB88,598.4 million, RMB92,688.5 million and RMB98,795.3 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. The increases in our properties under development from December 31, 2017 to April 30, 2020 were primarily due to increases in the number of projects that began construction. In 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of properties under development transferred to completed properties held for sale was RMB5,394.4 million, RMB10,396.6 million, RMB30,253.3 million and RMB5,296.7 million, respectively.

FINANCIAL INFORMATION

We record provision for impairment of properties under development when the net realizable value of the properties under development becomes less than our land costs, construction costs, borrowing costs, professional fees, selling costs and taxes directly attributable to such properties incurred during the development period subsequent to initial recognition. The following table sets forth movements in provision for impairment of properties under development.

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	(RMB'000)			
At the beginning of the year/period	647,995	401,402	360,679	270,021
Impairment losses transferred to completed properties held for sale.....	(246,593)	(40,723)	(90,658)	(10,788)
At the end of the year/period	401,402	360,679	270,021	259,233

We had a balance of RMB648.0 million in provision for impairment of properties under development in relation to the Nanping Shinsun Yijing Flower City (南平祥生藝境花城) as of January 1, 2017, primarily because the development cost per unit that we had incurred and expected to incur for this property project was higher than the ASP for the units that had been pre-sold or were expected to be pre-sold. Nanping Shinsun Yijing Flower City (南平祥生藝境花城) is located in Nanping City, Fujian Province. The land parcels for this project have a total site area of 356,363 sq.m., which we acquired in 2012 at a land premium of RMB402.0 million. We began construction of the project in June 2014, and began pre-sales in September 2014. We completed Phase I of the project in December 2017 and Phase II in April 2020. When we acquired the land parcels for this property project, we had evaluated, among others, the market conditions of Nanping and considered the fact that the Nanping City municipal office was located in Yanping District, the same district where our project is located, which we expected to lead to advantages of being situated in prime location and higher average ASP later on. In particular, the municipal and transportation infrastructure in the Yanping District was expected to be improved because of the location of the Nanping City municipal office in that district, which we expected would also lead to further development of the surrounding area and result in concentration of resident population's need for residential properties, and thus, higher ASP for our property. In May 2014, a few months before our pre-sales began in September 2019, the Nanping City government announced its move to Jianyang District, which was more than 100 kilometers from the location of our property project. As a result, property transaction volume dropped in Yanping District, and the selling prices of this property did not reach our expectations when we acquired the land. Accordingly, we made impairment provisions for this property project to account for the difference between the costs and the corresponding net realizable value.

FINANCIAL INFORMATION

Despite our unexpected returns on this one property project, which is the only project in Fujian Province, we have been successful in the acquisition, development and subsequent sale of many of our other property projects in other cities and provinces. See “— Results of Operations — Gross Profit and Gross Profit Margin” above. These results are attributable to, among others, our detailed and prudent site selection processes and standardized operational procedures. See “Business — Our Property Development Management — Site Selection and Land Acquisition — Site Selection” for more details.

As of August 31, 2020, approximately RMB18,442.2 million, representing 18.7% of properties under development as of April 30, 2020 had been transferred to completed properties held for sale.

Completed Properties Held for Sale

The following table sets forth movements in our completed properties held for sale during the periods indicated.

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	(RMB'000)			
Carrying amount as of January 1.....	3,700,937	3,872,130	3,114,046	5,393,412
Acquisitions of subsidiaries	176,480	—	—	—
Transferred from properties under development	5,394,406	10,396,649	30,253,263	5,296,701
Disposal of subsidiaries	—	—	(998,791)	—
Transferred to cost of sales.....	(5,399,693)	(11,154,733)	(26,975,106)	(6,770,162)
Carrying amount as of December 31/April 30	3,872,130	3,114,046	5,393,412	3,919,951

Completed properties held for sale represent completed properties remaining unsold at the end of each year and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of total costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties. We recognize impairment losses to completed properties held for sale when the selling price is lower than costs of development.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, we had completed properties held for sale of RMB3,872.1 million, RMB3,114.0 million, RMB5,393.4 million and RMB3,920.0 million, respectively.

As of August 31, 2020, we had sold approximately RMB3,243.7 million, representing 82.8% of the completed properties held for sale as of April 30, 2020.

FINANCIAL INFORMATION

Trade and Bills Receivables

Our trade receivables primarily represent service fees due from customers of our property management services, management consulting services, property leasing and property development and sales. The following table sets forth a breakdown of our trade receivables as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Trade and bills receivables	36,611	227,469	196,410	43,741
Impairment	(1,182)	(1,333)	(1,398)	(1,364)
Total	35,429	226,136	195,012	42,377

The significant increase in trade and bills receivables from RMB35.4 million as of December 31, 2017 to RMB226.1 million as of December 31, 2018 was primarily due to certain property sales where the government issued vouchers to purchasers which enabled them to purchase properties from us. In practice, the government pays considerations to property owners in the form of housing vouchers whose properties were demolished during land resettlement projects. Recipients of such vouchers may use the vouchers to fully or partially satisfy their payment obligations when purchasing residential properties from property developers such as us. After receiving the vouchers, we settle the cash payments with the government that issued the voucher by making the relevant filings and applications. Our trade receivables subsequently decreased to RMB196.4 million as of December 31, 2019 and RMB43.7 million as of April 30, 2020, primarily due to settlement of cash payments with the government that issued the vouchers.

Our trade and bills receivables are unsecured and non-interest-bearing and the carrying amounts of trade receivables approximate to their fair value. The following table sets forth the aging analysis of the trade and bills receivables as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Within one year	35,129	226,136	177,618	27,342
One to three years	—	—	17,394	15,035
Over three years	300	—	—	—
Total	35,429	226,136	195,012	42,377

FINANCIAL INFORMATION

The following table sets forth a breakdown of our trade receivables by business line as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30, 2020
	(RMB'000)			
Property development and sales	33,468	226,179	191,245	38,164
Hotel services	3,143	992	4,810	3,562
Property leasing.....	–	298	355	2,015
Impairment	(1,182)	(1,333)	(1,398)	(1,364)
Total	35,429	226,136	195,012	42,377

Trade receivables from sale of properties business increased from RMB33.5 million as of December 31, 2017 to RMB226.2 million as of December 31, 2018, which was (i) primarily in line with the increase in our revenue and (ii) partially due to the increase in vouchers issued by governments which were used to purchase properties from us. Trade receivables from our hotel services decreased from RMB3.1 million as of December 31, 2017 to RMB1.0 million as of December 31, 2018, primarily attributable to the decrease in trade receivables of Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店), and further increased to RMB4.8 million, primarily attributable to the increase in trade receivables of Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店). Trade receivables from our property leasing business increased from RMB0.4 million as of December 31, 2019 to RMB2.0 million as of April 30, 2020, which was generally in line with the increase in our rental income from a new property, Tiantai Shinsun Century Square (天台祥生世紀廣場), which was opened in December 2019.

The following table sets forth a breakdown of our trade receivables turnover days by business line during the Track Record Period.

	For the year ended December 31,			For the four months ended April 30, 2020
	2017	2018	2019	
Property development and sales	2.5	3.4	2.2	1.6
Hotel services	5.2	6.8	9.9	37.4
Property leasing.....	N/A	3.7	9.4	8.9
Total	2.6	3.4	2.2	1.7

FINANCIAL INFORMATION

Our trade receivables turnover days are calculated as the average of trade receivables at the beginning and the end of a relevant period divided by the revenue during the same period, then multiplied by the number of days in the same period. Trade receivables turnover days of our property management and sales business increased from 2.5 days in 2017 to 3.4 days in 2018, primarily because two projects in Zhuji delivered in 2018 involved a significant amount of vouchers issued by the local government which had relatively long turnover days. Trade receivables turnover days of our property development and sales business decreased from 2.2 days in 2019 to 1.6 days in the four months ended April 30, 2020, primarily because four projects in Zhuji which involved significant amounts of vouchers issued by the local government had been substantially settled. Trade receivables turnover days for our hotel services generally increased during the Track Record Period primarily because increase in our trade receivables generally outpaced the increase in our revenue; the same increased from 9.9 days in 2019 to 37.4 days in the four months ended April 30, 2020, primarily due to the impact of the COVID-19 pandemic which resulted in an increase in our average payment collection period. Trade receivables from our property leasing business increased from 3.7 days in 2018 to 9.4 days in 2019, primarily because increase in our trade receivables outpaced the increase in our revenue.

We conducted impairment analysis at the end of each year using a provision matrix to measure credit losses. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables 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. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we had a provision for impairment of trade receivable of RMB1.2 million, RMB1.3 million, RMB1.4 million and RMB1.4 million, respectively.

As of August 31, 2020, approximately RMB17.6 million, representing 41.6% of trade receivables as of April 30, 2020, were subsequently collected.

Due from Related Parties

We provide services and advance payments to certain related parties. See “— Related Party Transactions.”

FINANCIAL INFORMATION

Prepayments, Deposits and Other Receivables

The following table sets forth the components of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Prepaid taxes and other tax recoverables.	1,350,378	3,546,459	4,177,935	4,232,141
Progress prepayments for acquisition of land use rights for development	2,612,383	4,077,956	2,479,557	3,680,724
Due from non-controlling shareholders of the subsidiaries	1,148,766	2,299,142	1,631,657	1,665,713
Other deposits	2,346,342	1,406,972	1,176,898	915,781
Deposits for land auction.....	347,600	106,824	1,051,830	800,513
Prepayments for construction cost	239,298	128,697	173,017	298,708
Outstanding receivables arising from the sale of equity interests	—	—	202,450	202,450
Advance to third parties related to land auction	215,199	140,427	73,489	73,489
Other receivables ⁽¹⁾	396,007	360,142	449,940	469,670
	8,655,973	12,066,619	11,416,773	12,339,189
Less: Impairment	(14,730)	(15,066)	(28,575)	(27,484)
Total	8,641,243	12,051,553	11,388,198	12,311,705

Note:

- (1) Include receivable of payment of property management and maintenance fund on behalf of property owners, petty cash to employees, and other miscellaneous prepayments.

Prepaid taxes and other tax recoverables primarily represents prepaid taxes other than LAT and corporate income taxes, such as turnover taxes, VAT taxes, and other miscellaneous taxes and surcharges. When we conduct pre-sale of a project, we are obligated to prepay certain taxes and tax surcharges, which primarily include VAT taxes calculated as the amount of pre-sale proceeds received multiplied by applicable prepayment rates. We recognize such prepayments as “prepaid taxes.” When the input VAT arising out of our purchase of property construction services exceeds output VAT, we recognize the difference as “tax recoverables.” When we deliver properties in a project for which we had made VAT prepayments, the cumulative amount of taxes we had prepaid can be deducted from the amount of total taxes due, which is calculated as the total sales amount of the project multiplied by the applicable tax rates. Therefore, the “prepaid taxes” are subsequently settled when the relevant property project is delivered. “Other tax recoverables” are subsequently settled when the output VAT exceeds input VAT, a situation which typically arises also during property delivery. Our prepaid taxes and other tax recoverables were RMB1,350.4 million, RMB3,546.5 million, RMB4,177.9 million and RMB4,232.1 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. As of August 31, 2020, approximately RMB1,513.3 million, representing 35.8% of prepaid taxes and other tax recoverables as of April 30, 2020, were utilized.

FINANCIAL INFORMATION

Progress prepayments for acquisition of land use rights for development represent payments we made prior to obtaining the grant of land use right. Increase in such prepayments from December 31, 2017 to December 31, 2018 and from December 31, 2019 to April 30, 2020 was in line with our business expansion as reflected by the increased amount of land for which we made prepayments in attempt to obtaining land use right. The decrease in progress prepayments for acquisition of land use rights for development as of December 31, 2019 was primarily because in 2018 we paid land premium for the land parcel in relation to Hangzhou Shinsun Yinhu Xinyu Apartment (杭州祥生銀湖新語公寓) and in 2019 we obtained the land use right for the land parcel. As of August 31, 2020, approximately RMB3,623.4 million, representing 98.4% of progress prepayments for acquisition of land use rights as of April 30, 2020, were utilized.

Amounts due from non-controlling shareholders

Amounts due from non-controlling shareholders of the subsidiaries represent cash advances to the non-controlling shareholders of subsidiaries from time to time before the final settlement and distribution of our property projects in the ordinary course of business. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we only recorded balances of advances to non-controlling shareholders, and recorded nil balance of advances to predecessor shareholders. Advances to non-controlling shareholders typically require approvals from both the regional company and the group level, taking into consideration the compliance with laws and regulations on pre-sale proceeds, cooperation history, historical repayment record and construction progress of related projects, among other factors.

We do not intend to settle all non-trade amounts due from or due to non-controlling shareholders prior to the Listing, and expect such advances to be recurring in the future during our ordinary course of business. In our ordinary course of business, we co-develop properties by establishing project company subsidiaries with non-controlling third-party property developers. In accordance with the relevant joint development agreements, we and the non-controlling shareholders provide funding to the relevant subsidiaries to meet their capital needs to pay for land costs, cost of property development and sales. In accordance with our joint development agreements, we and the non-controlling shareholders provided these funds in proportion to the equity interests held, and these amounts due from or to non-controlling shareholders will be settled from time to time, depending on the progress of construction, development and the pre-sale or sale of the jointly-developed projects, until the final settlement and distribution of the jointly-developed projects.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of advances to non-controlling shareholders as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30, 2020
	(RMB'000)			
Within one year	973,551	1,370,836	392,340	278,529
Between one and two years	72,205	851,802	806,910	628,671
Between two and three years	35,352	55,057	403,209	697,832
Above three years	67,658	21,447	29,198	60,681
Total	1,148,766	2,299,142	1,631,657	1,665,713

The increase in amounts due from non-controlling shareholders from December 31, 2017 to December 31, 2018 represents the increase in business scale, and in particular, increase in the number of property projects. The decrease in amount due from non-controlling shareholders of the subsidiaries from December 31, 2018 to December 31, 2019 was primarily because in 2018 we paid land premium of RMB528.8 million for the joint venture partners in relation to the land parcels for Nanjing Longhu Yihui Garden (南京龍湖頤輝花苑) and in 2019 the joint venture partners repaid such amounts to us. During the Track Record Period, we had these cash advances due from and due to non-controlling shareholders arising from the ordinary courses of our business. Amounts due from non-controlling shareholders of the subsidiaries remained relatively stable at RMB1,665.7 million as of April 30, 2020. As of August 31, 2020, approximately RMB7.3 million, representing 0.4% of amount due from non-controlling shareholders as of April 30, 2020, were settled.

We did not experience any difficulties in recovering amounts due from non-controlling shareholders of the subsidiaries aged over one year during the Track Record Period, nor do we expect such difficulties going forward. During the Track Record Period, pursuant to relevant cooperation agreements, the non-controlling shareholders agree to repay such amounts after receiving requests for capital needs from the relevant subsidiaries, or settle such amounts upon completion and delivery of the relevant properties. As such, our Directors are of the view that there is no recoverability issue for the amounts due from non-controlling shareholders of the subsidiaries.

We did not make provisions for the outstanding balances of amounts due from non-controlling shareholders as of April 30, 2020, primarily because (i) the non-controlling shareholders and predecessor shareholders which had business relationships with us typically do not have any record of failure to repay any loans or payables based on public searches; (ii) we had long-term relationships with most non-controlling shareholders who are willing to pay the amount due when requested, as discussed in the paragraph above; and (iii) even if the non-controlling shareholders fail to repay the receivables, we will withhold the dividends of the project companies distributed to the non-controlling shareholders to secure the settlement of the relevant receivables, which serves as a critical source of funding of repayment by the relevant non-controlling shareholders in addition to cash generated in their business operations.

FINANCIAL INFORMATION

Other Deposits

Other deposits primarily represent deposits in relation to (i) to financing transactions; (ii) property maintenance funds maintained by the government; (iii) the deposit of RMB500.0 million we made in 2017 in relation to our cooperation with a third party to jointly develop a project which deposit was refunded to us in 2018 as the cooperation did not continue due to various commercial considerations; and (iv) pre-sale proceeds received from our property projects in Lianyungang which were deposited to a third-party supervised account as required by the local government. The decrease in other deposits from RMB2,346.3 million as of December 31, 2017 to RMB1,407.0 million as of December 31, 2018 was primarily due to the return of the deposit we made in relation to a project we planned to cooperate with a third party when the cooperation did not proceed in 2018 due to various commercial considerations. The subsequent decrease to RMB1,176.9 million as of December 31, 2019 and further to RMB915.8 million as of April 30, 2020 from RMB1,407.0 million as of December 31, 2018 was primarily because the property projects in Lianyungang started construction works and we withdrew funds gradually from the supervised account designated by the Lianyungang government to fund the development and constructions of the relevant property projects in Lianyungang. As of August 31, 2020, approximately RMB217.6 million of the RMB915.8 million, or 23.8%, of other deposits balance as of April 30, 2020 had been utilized. See “Business — Our Property Development Management — Sales and Marketing — Pre-sales — Pre-sale Proceeds” for more details on the supervised account in Lianyungang.

When pre-sale proceeds received from the property projects located in Lianyungang were deposited into the supervised account designated by the Lianyungang government, the account owner was a third-party agency under control by the local government, not us. This is different for other supervised accounts where the accounts were maintained under our name, even though the withdrawals from those accounts are under supervision by the supervisory banks according to the relevant local regulations. With the supervised account designated by the Lianyungang government, we have less control than accounts maintained with supervisory banks under our name, and is therefore subject to less risks regarding non-compliance of pre-sale proceeds account minimum balance requirements. In terms of financial reporting, pre-sale proceeds deposited into the supervisory account designated by the Lianyungang government were accounted for as other deposits as opposed to proceeds deposited into supervised accounts under our name, which was accounted for as restricted cash.

Deposits for land auction represent deposits we paid to participate in listing-for-sale auctions in order to acquire land for development. Fluctuations in deposits for land auction depend on the timing of the auction and the amount of deposits required.

Prepayments for construction cost represent the amount we pay suppliers prior to receiving services or construction materials. Fluctuations in prepayments for construction costs is in line with our business expansion as reflected by the number properties completed and amount of construction costs incurred.

FINANCIAL INFORMATION

Outstanding receivables arising from the sale of equity interests represent disposal of three of our subsidiaries, for which we had not yet received considerations as of December 31, 2019 and April 30, 2020.

Advance to third parties related to land auction represent payments we made to third parties which attended the land auction and we intended to develop the project jointly with before the relevant joint ventures or associates were incorporated. The general decrease in such advance during the Track Record Period was because we gradually shifted our cooperation method to directly incorporating joint ventures and associates and expect to further reduce in incurring such advance to/from third parties.

Other receivables primarily include receivables of payment of property management and maintenance fund on behalf of property owners, petty cash to employees, and other miscellaneous prepayments. As of August 31, 2020, approximately RMB75.3 million, or 16.0% of the other receivables balance as of April 30, 2020 had been utilized.

As of August 31, 2020, approximately RMB1,513.3 million, RMB7.3 million and RMB3,623.4 million, respectively, of prepaid taxes and other tax recoverables, due from non-controlling shareholders of the subsidiaries, and progress prepayments for acquisitions of land use rights for development, or 35.8%, 0.4% and 98.4% of their respective balances as of April 30, 2020, had been utilized.

Financial Assets at FVTPL

We record financial assets at FVTPL at fair value with net changes recognized in profit or loss. Such financial assets include equity investments which we had not irrevocably elected to classify as fair value through other comprehensive income. The following table sets forth a breakdown of our financial assets at FVTPL.

	As of December 31,			As of
	2017	2018	2019	April 30,
	(RMB'000)			2020
Unlisted equity investments, at fair value	—	3,036	3,038	—
Other unlisted investments, at fair value.	330,293	49,397	17,529	373,524
At the end of the year/period	330,293	52,433	20,567	373,524

Unlisted equity investments, at fair value represent our investment in minority equity interests of other companies, and were classified as financial assets at FVTPL as they were held for trading. Other unlisted investments, at fair value primarily represent our wealth management products which we purchased from nationally renowned commercial banks or other financial institutions in the PRC according to our internal investment policies. See “— Liquidity and Capital Resources — Treasury Management Policies” below for details on our wealth product investment policies.

FINANCIAL INFORMATION

Cash and Cash Equivalents, Restricted Cash and Pledged Deposits

The following table sets forth our cash and cash equivalents, restricted cash and pledged deposits as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Cash and cash equivalents	3,229,359	3,113,634	2,412,297	2,446,901
Restricted cash	2,375,494	4,074,584	4,207,533	4,971,242
Pledged deposits	195,133	670,560	342,651	617,363
Total	5,799,986	7,858,778	6,962,481	8,035,506

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB3,229.4 million as of December 31, 2017 to RMB3,113.6 million as of December 31, 2018 and further decreased to RMB2,412.3 million as of December 31, 2019, primarily due to an increase in our spending on acquiring land to support our nationwide “1+1+X” expansion strategy. Our cash and cash equivalents subsequently increased to RMB2,446.9 million as of April 30, 2020. To maintain sufficient working capital, we plan to continue to enhance our collection efforts and enter into debt and equity financing transactions. We also plan to closely monitor various property development processes to control our cash outflow, such as land acquisition, construction and sales.

Restricted Cash

We are required to deposit pre-sale proceeds to the designated regulatory account and such proceeds should be used for construction of the relevant projects. We recorded such proceeds as restricted cash. The increase in restricted cash from RMB2,375.5 million as of December 31, 2017 to RMB4,074.6 million as of December 31, 2018, and further to RMB4,207.5 million as of December 31, 2019 and RMB4,971.2 million as of April 30, 2020 was primarily due to increase of pre-sales of certain properties.

Pledged Deposits

Pledged deposits mainly consist of bank deposits pledged as security for our bank and other borrowings, purchasers’ mortgage loans, construction of projects and notes payable. The increase in pledged deposits from RMB195.1 million as of December 31, 2017 to RMB670.6 million as of December 31, 2018 and from RMB342.7 million as of December 31, 2019 to RMB617.4 million as of April 30, 2020 was primarily attributable to an increase in property sales and the resulting increase in purchasers’ mortgage loans. The decrease in pledged deposits to RMB342.7 million as of December 31, 2019 was primarily due to partial release of pledged deposits after construction completion.

FINANCIAL INFORMATION

Assets of a Subsidiary Classified as Held for Sale and Liabilities Directly Associated with the Assets Classified as Held for Sale

Ziyuan Yintong Real Estate Co., Ltd. (臨海紫元銀通置業有限公司), or Linhai Ziyuan, was a company engaged in a relocation, demolition and resettlement project. Primary land development has not been our business focus. However, considering that participating in the preparation of the land resettlement may lead us to advantage in the land parcel auction and bidding thereafter and if we win the bid, the property development project opportunity appeared attractive to us, we decided to acquire Linhai Ziyuan and participated in the project development jointly with third parties. In September 2019, we acquired 100% equity interest in Linhai Ziyuan and in the meantime, we were in negotiation with two third parties on the cooperation. As of December 31, 2019, we classified Linhai Ziyuan as a subsidiary held for sale. Accordingly, we recorded assets of a subsidiary classified as held for sale of RMB592.0 million and liabilities directly associated with the assets classified as held for sale of RMB41.6 million, respectively, as of December 31, 2019. In April 2020, we entered into two share transfer agreements to dispose portion of our equity interest in Linhai Ziyuan for a consideration of RMB192.6 million. After the equity transfers, we held a 58.5% equity interest in Linhai Ziyuan. According to the latest articles of association of Linhai Ziyuan, all shareholder resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for investment in joint venture. See note 39 to the Accountants' Report included in Appendix I to this Prospectus for details. The land resettlement commenced as of the Latest Practicable Date.

Trade and Bills Payables

Trade and bills payables primarily represent payables to contractors and construction material suppliers. Our trade and bills payables increased from RMB1,756.0 million as of December 31, 2017 to RMB5,064.0 million as of December 31, 2018, and further to RMB5,102.4 million as of December 31, 2019 and RMB6,133.4 million as of April 30, 2020, primarily due to an increase in our business scale and in the amount of purchases of construction related materials and services.

The following table sets forth an ageing analysis of our trade and bills payables based on the invoice date as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Less than one year	1,629,415	4,791,302	4,741,903	5,199,593
Over one year	126,632	272,674	360,533	933,856
Total	1,756,047	5,063,976	5,102,436	6,133,449

FINANCIAL INFORMATION

As of August 31, 2020, approximately RMB2,609.9 million, representing 42.6% of total trade and bills payables as of April 30, 2020, was settled. Our Directors confirm that we had not defaulted on payment of trade and bills payables during the Track Record Period and up to the Latest Practicable Date.

In 2017, 2018, 2019 and the four months ended April 30, 2020, our trade and bills payable turnover days were approximately 52 days, 56 days, 93 days and 156 days, respectively. The increase in trade and bills payable turnover days during the Track Record Period was primarily because (i) during the Track Record Period the overall scale of our property development business increased, which led to longer time for our Group to allocate funds to settle trade and bills payables; (ii) during project constructions, trade and bills payables are typically settled on a rolling basis within one to three months. After construction completions, however, it takes time to determine the finalized outstanding amount of trade and bills payables due to contractors and suppliers, which is typically longer than our normal credit terms of one to three months. During the Track Record Period, due to the increase in our property development business, the number of projects that completed constructions and were awaiting final settlement increased significantly, leading to the increase in overall trade and bills payable turnover days; and (iii) in the four months ended April 30, 2020, settlement of trade and bills payables with respect to certain contractors and suppliers was delayed due to the COVID-19 pandemic.

Other Payables and Accruals

The following table sets forth the components of our other payables and accruals as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
	(RMB'000)			2020
Due to non-controlling shareholders and predecessor shareholders of the subsidiaries	1,965,541	1,382,358	1,133,698	1,401,890
Deposits related to sales of properties	356,344	298,535	179,222	257,919
Outstanding payables arising from the acquisition of equity interests	298,644	219,644	1,251,623	1,215,391
Retention deposits related to construction	316,013	370,041	566,398	545,286
Interest payable	158,724	188,209	316,752	410,441
Payroll and welfare payable	111,523	357,622	338,136	158,678
Advance from third parties related to land auction	1,274,075	195,150	332,321	74,320
Other tax and surcharges	78,380	322,182	470,039	323,111
Others	416,541	426,238	310,281	258,340
Total	4,975,785	3,759,979	4,898,470	4,645,376

FINANCIAL INFORMATION

Amounts due to non-controlling shareholders and predecessor shareholders of subsidiaries primarily represent cash advances from certain non-controlling shareholders and predecessor shareholders to the relevant subsidiaries to support their business development, which are unsecured and repayable on demand. In terms of receipt of cash advances from non-controlling shareholders, the non-controlling shareholders typically make cash advances to the project companies according to their shareholdings for use by the project companies in their ordinary course of property development business. During the Track Record Period, we had these cash advances due to non-controlling shareholders and predecessor shareholders of subsidiaries arising from the ordinary courses of our business. The decrease from RMB1,965.5 million as of December 31, 2017 to RMB1,382.4 million as of December 31, 2018, and further to RMB1,133.7 million as of December 31, 2019 was primarily because we gradually repaid outstanding amounts due to non-controlling shareholders and predecessor shareholders of subsidiaries. The subsequent increase to RMB1,401.9 million as of April 30, 2020 was primarily due to our receipt of cash advances from certain non-controlling shareholders and predecessor shareholders to the relevant subsidiaries to support their business development in the ordinary course of business.

The following table sets forth a breakdown of amount due to non-controlling shareholders and predecessor shareholders as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Due to non-controlling shareholders.....	1,620,172	1,353,260	1,109,751	1,383,810
Due to predecessor shareholders of the subsidiaries.....	345,369	29,098	23,947	18,080
Total	1,965,541	1,382,358	1,133,698	1,401,890

The amount due to predecessor shareholders of the subsidiaries primarily arose due to our assumption of indebtedness of the acquired subsidiaries to their predecessor shareholders. We gradually repaid such indebtedness during the Track Record Period pursuant to the original arrangements with the predecessor shareholders, leading to the decrease in the amount due to predecessor shareholders of the subsidiaries during the Track Record Period.

FINANCIAL INFORMATION

The following table sets forth the breakdown of other payables due to each predecessor shareholder as of the dates indicated:

	Name of subsidiary	As of December 31,			As of
		2017	2018	2019	April 30,
		(RMB'000)			2020
Predecessor shareholder A ⁽¹⁾	Xuancheng Minsheng New Town Development Co., Ltd. (宣城民生新城鎮發展有限公司)	232,605	–	–	–
Predecessor shareholder B ⁽¹⁾	Yueyang Xiongcheng Real Estate Co., Ltd. (岳陽雄城置業有限公司)	112,764	29,098	23,947	18,080

Note:

- (1) Represent indebtedness of the relevant subsidiaries before the Group acquired them, which was assumed by the Group upon the acquisitions. Such indebtedness was primarily due to advances made by predecessor shareholders to the subsidiaries to support its ordinary course of business operations and property development needs.

The amount due to predecessor shareholders primarily relate to our acquisitions of the relevant subsidiaries. We assumed the amounts owed by these subsidiaries to their respective predecessor shareholder prior to the acquisitions, and gradually made payments to predecessor shareholders according to the original repayment schedule.

Deposits related to sales of properties represent deposits paid by purchasers of our properties when entering into property purchase agreements. The deposits are credited to their purchase payments, or forfeited if they decide not to proceed with the property purchase transaction.

Outstanding payables arising from the acquisition of equity interests represents unpaid considerations for acquisitions of equity interests of targets. The significant increase from RMB219.6 million as of December 31, 2018 to RMB1,251.6 million as of December 31, 2019 was primarily due to our acquisition of a subsidiary in Shaoxing. Our outstanding payables arising from the acquisition of equity interests remained relatively stable at RMB1,215.4 million as of April 30, 2020.

Retention deposits related to construction represents deposits we received from construction contractors for quality purposes. The increase in such deposits was in line with the expansion of our business scale and the increased business volume with contractors who work on our projects.

Advance from third parties related to land auction mainly represent the payments made by third parties who attended the land auction and intended to develop the relevant project jointly with us before the relevant joint ventures or associates were incorporated. We recorded

FINANCIAL INFORMATION

relatively high advance from third parties related to land auction as of December 31, 2017 as compared to that as of December 31, 2018 and 2019 and April 30, 2020, primarily because in 2018 we returned payments made by two third parties in 2017 in relation to their potential cooperation with us for a property project in Wenzhou, which cooperation did not proceed in the end. We have gradually shifted our cooperation method to directly incorporating joint ventures and associates and expect to further reduce in incurring advance from/to third parties.

Interest payable represents interest expenses that have been accrued, but were not due or paid yet.

Payroll and welfare payable represents accrued but unpaid employee compensation. Increase in payroll and welfare payable from December 31, 2017 to December 31, 2018 was primarily due to an increase in headcount, and the subsequent decrease to December 31, 2019 was primarily due to optimization of our human resource structure, which led to decrease in headcount. The subsequent decrease to RMB158.7 million as of April 30, 2020 was primarily due to our payment of annual bonus in the four months ended April 30, 2020.

Other tax and surcharges represent VAT related taxes, which increased during the Track Record Period as a result of increase in our revenue.

Contract Liabilities

We receive payments from customers on a billing schedule as set forth in the pre-sale contracts. Payments are usually received before the delivery of properties and we record such payments as contract liabilities until we recognize as revenue upon delivery of properties. Our contract liabilities increased from RMB36,934.9 million as of December 31, 2017 to RMB74,573.7 million as of December 31, 2018, and further to RMB77,901.7 million as of December 31, 2019 and RMB80,170.4 million as of April 30, 2020, primarily attributable to an increase in pre-sale proceeds.

The following table sets forth the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sale of properties as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Expected to be satisfied within one year.	13,170,100	34,773,988	47,454,009	47,175,985
Expected to be satisfied over one year ...	28,780,775	44,381,426	34,037,979	42,559,930
Total	<u>41,950,875</u>	<u>79,155,414</u>	<u>81,491,988</u>	<u>89,735,915</u>

FINANCIAL INFORMATION

In 2017, 2018 and 2019 and the four months ended April 30, 2020, revenue recognized that was included in the contract liability balance at the beginning of the year was RMB4,569.4 million, RMB12,860.0 million, RMB34,305.6 million and RMB8,296.4 million, respectively.

As of August 31, 2020, approximately RMB27,336.0 million, representing 34.1% of total contract liabilities as of April 30, 2020 were settled.

Due to Related Parties

See “— Related Party Transactions” for details on types of transactions, background of the related parties and outstanding balances due to related parties.

Tax Payable

Tax payable represents accrued but unpaid tax liabilities, which primarily include LAT and corporate income tax. The following table sets forth a breakdown of our tax payable as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
				2020
	(RMB'000)			
Corporate income tax.....	365,010	540,148	1,435,996	1,558,247
LAT	102,502	26,070	487,182	702,124
Total.....	467,512	566,218	1,923,178	2,260,371

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity

We operate in a capital-intensive industry and property development requires substantial capital investments for land acquisition and property construction. To date, we have funded our operations, working capital, capital expenditure and other capital requirements primarily from cash generated from our operations, mainly including proceeds from the pre-sales and sales of properties, receipt of property lease income from our investment properties, management consulting service fees, and property management service fees, as well as bank and other borrowings, ABS and senior notes. Our financing methods vary from project to project, and are subject to limitations imposed by PRC regulations and monetary policies.

As of December 31, 2017, 2018 and 2019 and April 30, 2020, we had cash and cash equivalents of RMB3,229.4 million, RMB3,113.6 million, RMB2,412.3 million and RMB2,446.9 million, respectively, restricted cash of RMB2,375.5 million, RMB4,074.6 million, RMB4,207.5 million and RMB4,971.2 million, respectively, and pledged deposits of RMB195.1 million, RMB670.6 million, RMB342.7 million and RMB617.4 million, respectively.

FINANCIAL INFORMATION

Net Current Assets

The following table sets forth a breakdown of our net current assets as of the dates indicated.

	As of December 31,			As of	As of
	2017	2018	2019	April 30,	August 31,
			(RMB'000)	2020	2020
					(unaudited)
CURRENT ASSETS					
Properties under development.....	51,665,579	88,598,436	92,688,528	98,795,266	104,156,371
Completed properties held for sale	3,872,130	3,114,046	5,393,412	3,919,951	3,309,091
Inventories	5,645	8,008	8,315	6,175	5,074
Trade receivables	35,429	226,136	195,012	42,377	92,175
Contract assets	117,085	277,380	278,260	282,390	238,160
Due from related parties	2,504,108	4,161,637	5,560,849	4,178,402	4,367,036
Prepayments, deposits and other					
receivables.....	8,641,243	12,051,553	11,388,198	12,311,705	12,600,852
Tax recoverable	619,622	1,541,883	1,968,017	2,169,713	2,279,727
Financial assets at FVTPL	330,293	52,433	20,567	373,524	344,942
Restricted cash.....	2,375,494	4,074,584	4,207,533	4,971,242	4,333,583
Pledged deposits	195,133	670,560	342,651	617,363	325,321
Cash and cash equivalents	3,229,359	3,113,634	2,412,297	2,446,901	5,045,833
Assets of a subsidiary classified as					
held for sale	—	—	591,983	—	—
Total current assets	73,591,120	117,890,290	125,055,622	130,115,009	137,098,165
CURRENT LIABILITIES					
Trade and bills payables.....	1,756,047	5,063,976	5,102,436	6,133,449	6,223,353
Other payables and accruals.....	4,975,785	3,759,979	4,898,470	4,645,376	6,522,046
Contract liabilities	36,934,913	74,573,736	77,901,721	80,170,382	75,673,447
Due to related parties.....	4,491,843	5,909,143	5,956,321	4,815,928	4,268,113
Interest-bearing bank and other					
borrowings.....	10,325,155	12,523,827	10,288,997	15,642,381	20,683,928
Senior notes.....	—	644,958	1,016,301	72,709	1,384,092
Asset-backed securities.....	1,710,080	2,416,926	205,551	—	—
Tax payable	467,512	566,218	1,923,178	2,260,371	1,743,363
Lease liabilities	7,078	30,812	50,744	52,078	47,496
Liabilities directly associated with the					
assets classified as held for sale	—	—	41,638	—	—
Total current liabilities	60,668,413	105,489,575	107,385,357	113,792,674	116,545,838
NET CURRENT ASSETS.....	12,922,707	12,400,715	17,670,265	16,322,335	20,552,327

FINANCIAL INFORMATION

Our net current assets slightly decreased by 4.0% from RMB12,922.7 million as of December 31, 2017 to RMB12,400.7 million as of December 31, 2018, primarily due to (i) an RMB37,638.8 million increase in contract liabilities resulting from an increase in contract sales; (ii) an RMB3,307.9 million increase in trade and bills payables resulting from an increase in the number of construction projects; and (iii) an RMB2,198.7 million increase in interest-bearing bank and other borrowings, an RMB706.8 million increase in ABS, and an RMB645.0 million increase in senior notes as we incurred more indebtedness to support our business expansion, partially offset by (i) an RMB36,932.9 million increase in properties under development resulting from our business expansions and increase in the number of projects under development; (ii) an RMB3,410.3 million increase in prepayments, deposits and other receivables resulting from expansion of our business operations; (iii) an RMB1,699.1 million increase in restricted cash resulting from an increase in pre-sales; and (iv) an RMB1,657.5 million increase in due from related parties.

Our net current assets increased by 42.5% from RMB12,400.7 million as of December 31, 2018 to RMB17,670.3 million as of December 31, 2019, primarily due to (i) an RMB4,090.1 million increase in properties under development resulting from our business expansions and increase in the number of projects under development; (ii) an RMB2,279.4 million increase in completed properties held for sale resulting from significant increase in the amount of properties that completed construction; (iii) an RMB2,234.8 million decrease in bank and other borrowings; (iv) an RMB2,211.4 million decrease in proceeds from ABS; and (v) an RMB1,399.2 million increase in amount due from related parties resulting from increase in property projects in which we were engaged to perform work to related parties, partially offset by (i) an RMB3,328.0 million increase in contract liabilities resulting from an increase in contract sales; (ii) an RMB1,357.0 million increase in tax payable resulting from an increase in our land acquisition scale and taxable profit; (iii) an RMB663.3 million decrease in prepayments, deposits and other receivables; and (iv) an RMB371.3 million increase in senior notes.

Our net current assets decreased by 7.6% from RMB17,670.3 million as of December 31, 2019 to RMB16,322.3 million as of April 30, 2020, primarily due to (i) an RMB5,353.4 million increase in bank and other borrowings; (ii) an RMB2,268.7 million increase in contract liabilities due to increase in pre-sales; (iii) an RMB1,473.5 million decrease in completed properties held for sale due to increase in property delivery; (iv) an RMB1,382.4 million decrease in due from related parties; and (v) an RMB1,031.0 million increase in trade and bills payables due to business expansions, partially offset by (i) an RMB6,106.7 million increase in properties under development resulting from business expansion and increase in the number of projects under development; (ii) an RMB1,140.4 million decrease in due to related parties resulting from decrease in property projects in which we jointly develop through our joint ventures and associates; and (iii) an RMB943.6 million decrease in senior notes resulting from our repayment.

Our net current assets increased by 25.9% from RMB16,322.3 million as of April 30, 2020 to RMB20,552.3 million as of August 31, 2020, primarily due to (i) an RMB5,361.1 million increase in properties under development resulting from our business expansions and

FINANCIAL INFORMATION

increase in the number of projects under development; (ii) an RMB4,496.9 million decrease in contract liabilities due to delivery of properties; (iii) an RMB2,598.9 million increase in cash and cash equivalents; (iv) an RMB547.8 million decrease in amount due to related parties resulting from our settlement of certain amounts due to related parties; (v) an RMB517.0 million decrease in tax payable due to our tax payments; and (vi) an RMB289.1 million increase in prepayments, deposits and other receivables resulting from expansion of our business operations, partially offset by (i) an RMB5,041.5 million increase in bank and other borrowings; (ii) an RMB1,876.7 million increase in other payables and accruals resulting from expansion of our business operations; (iii) an RMB1,311.4 million increase in senior notes due to our issuance of the 2021 Notes. See “— Indebtedness — Senior Notes”; (iv) an RMB637.7 million decrease in restricted cash resulting from our use of pre-sale proceeds for property construction and delivery of certain properties; and (v) an RMB610.9 million decrease in completed properties held for sale resulting from delivery of completed properties.

Cash Flow Analysis

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB'000)			(unaudited)	
Operating cash flows before					
movements in working capital	(149,956)	1,138,938	6,343,256	94,589	1,218,359
Changes in working capital	(10,113,694)	3,785,146	3,332,386	6,145,150	(2,954,554)
Cash (used in)/generated from operations .	(10,263,650)	4,924,084	9,675,642	6,239,739	(1,736,195)
Interest received.....	16,400	96,145	157,339	30,645	31,641
Interest paid	(1,284,774)	(3,666,087)	(4,707,333)	(912,328)	(1,003,602)
Tax paid	(800,372)	(1,863,527)	(1,608,878)	(728,908)	(460,117)
Net cash flows (used in)/generated					
from operating activities.....	(12,332,396)	(509,385)	3,516,770	4,629,148	(3,168,273)
Net cash flows used in investing					
activities.....	(2,421,409)	(3,006,886)	(3,009,131)	(716,466)	(172,446)
Net cash flows generated from/(used in)					
financing activities.....	17,145,154	3,400,546	(1,205,817)	(3,243,288)	3,372,164
Net increase/(decrease) in cash and					
cash equivalents.....	2,391,349	(115,725)	(698,178)	669,394	31,445
Cash and cash equivalents at the					
beginning of the year/period	838,010	3,229,359	3,113,634	3,113,634	2,412,297
Cash and cash equivalents at the end					
of the year/period.....	3,229,359	3,113,634	2,415,456	3,783,028	2,443,742

FINANCIAL INFORMATION

Net Cash Flows Generated from/(Used in) Operating Activities

Our cash generated from operating activities principally comprises proceeds received from pre-sales and sales of our properties, as well as service fees from customers of our management consulting services, hotel services, property leasing and property management services. Our cash used in operating activities primarily comprises (i) payments made in relation to our property development, such as purchase of raw materials and payment of labor costs; (ii) payment of sales and marketing expenses and administrative expenses; and (iii) payment to acquire land.

In the four months ended April 30, 2020, our net cash flows used in operating activities were RMB3,168.3 million, which were the result of cash used in operations of RMB1,736.2 million, less interest paid of RMB1,003.6 million and tax paid of RMB460.1 million, and plus interest received of RMB31.6 million. Our operating cash inflows before movements in working capital amounted to RMB1,218.4 million in the four months ended April 30, 2020. The increase of RMB2,954.6 million in the working capital was primarily attributable to (i) an increase in properties for development and for sale of RMB3,291.7 million in line with our increased property development activities; (ii) a decrease in due to related parties of RMB1,265.9 million as a result of our efforts to settle certain amounts due to related parties prior to the Listing; (iii) an increase in restricted cash of RMB763.7 million resulting from an increase in pre-sales; and (iv) an increase in prepayments, deposits and other receivables of RMB714.8 million, partially offset by (i) an increase in contract liabilities of RMB1,899.0 million due to increase in pre-sales; and (ii) an increase in trade and bills payables of RMB1,036.9 million resulting from increase in business volume with contractors.

In 2019, our net cash flows generated from operating activities were RMB3,516.8 million, which were the result of cash generated from operations of RMB9,675.6 million, less interest paid of RMB4,707.3 million and tax paid of RMB1,608.9 million, and plus interest received of RMB157.3 million. Our operating cash inflows before movements in working capital amounted to RMB6,343.3 million in 2019. The increase of RMB3,332.4 million in the working capital was primarily attributable to (i) an increase in contract liabilities of RMB3,604.7 million resulting from increase in pre-sales; and (ii) a decrease in prepayments, deposits and other receivables of RMB1,104.6 million primarily due to a decrease in progress prepayments for acquisition of land use rights for development as of December 31, 2019 as we obtained the land use right in relation to the land parcel for Hangzhou Shinsun Yinhu Xinyu Apartment (杭州祥生銀湖新語公寓) in 2019, partially offset by an increase in properties for development and for sale of RMB1,822.2 million.

In 2018, our net cash flows used in operating activities were RMB509.4 million, which were the result of cash generated from operations of RMB4,924.1 million, less interest paid of RMB3,666.1 million and tax paid of RMB1,863.5 million, and plus interest received of RMB96.1 million. Our operating cash inflows before movements in working capital amounted to RMB1,138.9 million in 2018. The increase of RMB3,785.2 million in the working capital was primarily attributable to (i) an increase in contract liabilities of RMB37,866.8 million resulting from increase in pre-sales; and (ii) an increase in trade and bills payables of RMB3,339.0 million

FINANCIAL INFORMATION

resulting from increase in business volume with contractors, partially offset by (i) an increase in properties for development and held for sale of RMB31,707.9 million primarily attributable to increase in construction completion; and (ii) a decrease in other payables and accruals of RMB1,877.6 million primarily because in 2018 we returned payments made by two third parties in 2017 in relation to their potential cooperation with us for a property project in Wenzhou, which cooperation did not proceed in the end.

In 2017, our net cash flows used in operating activities were RMB12,332.4 million, which was the result of cash used in operations of RMB10,263.7 million, less interest paid of RMB1,284.8 million and tax paid of RMB800.4 million, and plus interest received of RMB16.4 million. Our operating cash outflow before movements in working capital amounted to RMB150.0 million in 2017. The decrease of RMB10,113.7 million in the working capital was primarily attributable to (i) an increase in properties for development and for sale of RMB29,093.3 million in line with our increased property development activities; (ii) and increase in prepayments, deposits and other receivables of RMB5,538.8 million primarily due to an increase in amount due from non-controlling shareholders of the subsidiaries as result of an increased number of joint ventures in 2017, deposits for land auction as a result of increased land acquisition activities and an increase in other deposits, primarily as a result of the pre-sale proceeds received from our Lianyungang Shinsun Cangwu Spring Garden (連雲港祥生蒼梧春曉苑), which we commenced pre-sale in December 2019; and (iii) increase in restricted cash of RMB2,338.4 million resulting from an increase in pre-sales, partially offset by an increase in contract liabilities of RMB26,497.2 million due to increase in pre-sales.

To improve our negative operating cash flow position, we plan 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 through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our sales and pre-sales 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 and land acquisition plans based on the cash inflow associated with existing and planned pre-sales and sales of properties.

Net Cash Flows Used in Investing Activities

Our cash used in investing activities primarily comprises payments made in relation to acquisition of subsidiaries, investments in joint ventures and associates, and purchase of assets. Our cash from investing activities primarily comprises proceeds from disposal of investments in joint ventures and associates.

In the four months ended April 30, 2020, our net cash flows used in investing activities were RMB172.4 million, primarily reflecting (i) an RMB4,958.0 million advance to related parties; and (ii) an RMB364.3 million investment in financial assets at FVTPL, partially offset by an RMB5,261.8 million receipt of repayment from related parties.

FINANCIAL INFORMATION

In 2019, our net cash flows used in investing activities were RMB3,009.1 million, primarily reflecting (i) an RMB5,996.1 million advance to related parties; (ii) an RMB558.8 million acquisition of subsidiaries; (iii) an RMB484.7 million investment in joint ventures; (iv) an RMB401.9 million investment in associates; and (v) an RMB367.7 million increase in investment properties, partially offset by an RMB4,811.6 million receipt of repayment from related parties.

In 2018, our net cash flows used in investing activities were RMB3,006.9 million, primarily reflecting (i) an RMB6,579.0 million advance to related parties; (ii) an RMB520.5 million increase in investment properties; (iii) an RMB341.4 million investment in associates; and (iv) an RMB211.5 million investment in subsidiaries, partially offset by an RMB4,412.7 million receipt of repayment from related parties.

In 2017, our net cash flows used in investing activities were RMB2,421.4 million, primarily reflecting (i) an RMB4,663.3 million advance to related parties; (ii) an RMB254.5 million investment in joint ventures; and (iii) an RMB83.7 million purchase of items of property, plant and equipment, partially offset by (i) an RMB2,212.2 million receipt of repayment from related parties; (ii) an RMB623.7 million investment in subsidiaries; and (iii) an RMB121.3 million disposal of financial assets at FVTPL.

Net Cash Flows Generated from/(Used in) Financing Activities

Cash generated from financing activities principally comprises proceeds from interest-bearing bank and other borrowings, repayment of advances to related companies, and advances from related companies. Cash used in financing activities principally comprises advances to related companies, repayment of interest-bearing bank and other borrowings and repayment of advances from related companies.

In the four months ended April 30, 2020, our net cash flows generated from financing activities were RMB3,372.2 million, primarily reflecting (i) proceeds from interest-bearing bank borrowings of RMB8,443.4 million; and (ii) proceeds from issuance of senior notes of RMB1,408.1 million, partially offset by (i) repayment of interest-bearing bank borrowings of RMB5,432.5 million; (ii) repayment of senior notes of RMB951.8 million; (iii) repayment of ABS of RMB205.6 million; and (iv) repayment of advances from related parties of RMB187.9 million.

In 2019, our net cash flows used in financing activities were RMB1,205.8 million, primarily reflecting (i) repayment of interest-bearing bank borrowings of RMB16,186.6 million; (ii) repayment of advances from related parties of RMB9,610.9 million; and (iii) repayment of ABS of RMB3,270.9 million, partially offset by (i) proceeds from interest-bearing bank borrowings of RMB17,488.9 million; (ii) advance from related parties of RMB8,728.6 million; and (iii) proceeds from the issuance of RMB-denominated senior notes of RMB994.9 million.

FINANCIAL INFORMATION

In 2018, our net cash flows generated from financing activities were RMB3,400.5 million, primarily reflecting (i) proceeds from interest-bearing bank borrowings of RMB17,892.3 million; (ii) advance from related parties of RMB14,446.9 million; (iii) proceeds from issuance of ABS of RMB3,783.6 million; (iv) proceeds from issuance of senior notes of RMB602.2 million; and (v) capital contribution received of RMB955.0 million, partially offset by (i) repayment of interest-bearing bank borrowings of RMB16,053.4 million; (ii) repayment of advances from related parties of RMB15,149.3 million; and (iii) repayment of ABS of RMB3,076.8 million.

In 2017, our net cash flows generated from financing activities were RMB17,145.2 million, primarily reflecting (i) proceeds from interest-bearing bank borrowings of RMB20,519.7 million; (ii) advance from related parties of RMB12,488.3 million; and (iii) proceeds from the issuance of ABS of RMB1,710.1 million, partially offset by (i) repayment of advances from related parties of RMB9,577.4 million; and (ii) repayment of interest-bearing bank borrowings of RMB8,096.7 million.

Treasury Management Policies

To manage our cash on hand, we purchase and redeem wealth management products from which we could readily access cash as needed and generate higher short-term investment returns than fixed-rate returns from bank deposits, as we consider that these products are highly liquid and bear a relatively low level of risk. We only invest in such products when we have excess idle cash and when such investments will not affect our cash needs during the ordinary course of our business operations. The underlying financial assets of the wealth management products in which we invested during the Track Record Period primarily consist of (i) highly liquid assets, including, but not limited to, PRC government bonds, financial bonds, corporate bonds, enterprise bonds, short-term financing instruments, medium-term notes, subordinated bonds and other investment-grade debt instruments; and (ii) various types of asset management plans, or a combination of any of the foregoing, which are generally the low-risk wealth management products issued by nationally renowned commercial banks and other financial institutions in the PRC. According to the underlying contracts for these wealth management products, the investment allocation decisions of these funds are generally made by the licensed commercial banks or other financial institutions on a discretionary basis. The amount of purchase is determined based on our surplus funds and capital budget. We have adopted investment and treasury policies and internal control measures to review and monitor our investment risks. We consider investing in wealth management products only when we have surplus cash that is not required for our short-term working capital purposes. Our investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and the risks expected to be involved and the expected returns. We involve personnel from the following departments in the selection, approval and monitoring of our investments in wealth management products.

FINANCIAL INFORMATION

- *Board of Directors.* Our Board of Directors is the highest decision-making body in terms of investment in wealth management products. Under the Board of Directors, we have established a wealth management committee consisting of our president, chief financial officer and other management members, which is primarily responsible for reviewing informational reports submitted by our capital management center and approving the investment in wealth management products.
- *Capital management team.* Our capital management team is responsible for creating our wealth management investment strategies and preparing reports containing the products' risk levels, investment amount, expected yield, maturity dates, market risks, among other information that are necessary for the Board of Directors and our wealth management committee to make informed decisions. Our capital management team is also responsible for submitting periodic reports on investment execution, investment product quality, profit and losses from the products, risk levels and other information on the wealth management products.

The following table sets forth the nature, investment costs, risk level, as stated in the relevant transaction documents which were determined based on certain internal risk rating standard adopted by the respective counterparties, their expected or actual annualized return rates and redemption dates, and certain other information about our wealth management products during the Track Record Period.

Product	Investment cost	Risk level	Expected or actual annualized return rates	Maturity date	Nature	Underlying investment	Background of counterparties	Status as of April 30, 2020
	(RMB'000)							
Product A	13,000	N/A	2.75%	January 2, 2018	Principal guaranteed, floating rates	Bond, bank notes	A joint stock commercial bank	Redeemed
Product B	300,000	Low to medium	2.80%	January 3, 2018	Non-principal guaranteed, floating rates	Bond, bank notes	A state-owned bank	Redeemed
Product C	1,001	N/A	0.11%	February 2, 2018	One-year, fixed rates	Bond related to urban infrastructure construction	A state-owned bank	Redeemed
Product D	5,800	Low to medium	2.20%	February 12, 2018	Non-principal guaranteed, floating rates	Bond, bank notes	A state-owned bank	Redeemed
Product E	5,000	N/A	-0.06%	January 12, 2019	Contractual, open-ended fund	ETF, Stocks	A state-owned bank	Redeemed
Product F	900	Low to medium	0.01%	January 15, 2019	Non-principal guaranteed, floating rates	Bond, bank notes	A joint stock commercial bank	Redeemed
Product G	36,000	N/A	9.35%	December 3, 2018 and March 28, 2019	Pooled equity fund	Equity	A state-owned trust company	Redeemed

FINANCIAL INFORMATION

Product	Investment cost	Risk level	Expected or actual annualized return rates	Maturity date	Nature	Underlying investment	Background of counterparties	Status as of April 30, 2020
	(RMB'000)							
Product H	5,010	N/A	3.20%	July 10, 2019	One-year, fixed rates	Bond related to urban infrastructure construction	A state-owned bank	Redeemed
Product I	9,000	N/A	2.50%	July 24, 2019 and October 30, 2019	Trust industry protection fund	Bond, bank notes	A trust company incorporated in China and under the direct supervision of China Banking Regulatory Commission	Redeemed
Product J	2,000	N/A	-1.20%	January 3, 2020	Commingled funds	Equity, bond, bank notes	A state-owned bank	Redeemed
Product K	12,495	N/A	11.76%	August 9, 2019, September 17, 2019, December 16, 2019 and January 6, 2020	Pooled equity fund	Mortgages, bond, bank deposits	A state-owned trust company	Redeemed
Product L	352,855	N/A	12.0% or above	N/A	Non-principal guaranteed, floating rates	Bond	A fund management company under supervision of SFC	Outstanding
Product M	13,000	Low to medium	2.70%	On demand	Non-principal guaranteed, floating rates	Bond	A state-owned bank	Redeemed
Product N	2	Low	2.58%	On demand	Money funds	Short-term bank deposit, bond	A state-owned bank	Redeemed

As of December 31, 2017, 2018 and 2019 and April 30, 2020, our financial assets at FVTPL were RMB330.3 million, RMB49.4 million, RMB17.5 million and RMB373.5 million, respectively.

The funds used to purchase Product L primarily represent a portion of the proceeds received from the issuance of the 2022 Notes in January 2020. See “— Indebtedness — Senior Notes.” We were required under applicable PRC laws and regulations to obtain relevant approvals in order to repatriate such cash onshore to fund our property development. To maximize the utilization of such cash before it can be repatriated onshore, we, upon a due and careful assessment, decided to make a temporary cash investment in a fund set up and managed by a fund management company which is affiliated with a large well-known state-owned enterprise in the PRC. Our vice president, chief financial officer and one of the joint company secretaries, Mr. Tan Mingheng, became acquainted with the founder of the fund management company during a commercial event in 2018, prior to joining our Group. To the best knowledge of the Directors, such fund management company is an Independent Third Party, and other than

FINANCIAL INFORMATION

dealings in connection with our investment in Product L, does not have any past or present relationships with our Company and its subsidiaries, their shareholders, directors, senior management or any of their respective associates.

We decided to invest in Product L primarily due to the following reasons:

- *Background and historical performances.* The fund management company was affiliated with a large well-known state-owned enterprise in the PRC. Its founder has received several industry awards; for example, past funds managed by him had been recognized by HFM Week (a news media dedicated to providing business information to the global hedge fund community) as the “Top Fund in Greater China (最佳大中華基金)” in 2014 and received the AsiaHedge “Best New Fund (年度最佳基金)” award (an annual award by HFM Week highlighting excellence in Asia-Pacific’s hedge fund industry) in 2016; and
- *Return and exit flexibility.* Product L offers a yield target of 12.0% or above per annum, which is relatively high as compared to other available investment opportunities. In addition, Product L is transferable and liquid and we can easily exit if necessary.

Product L focuses on investment in fixed income U.S. dollar denominated debt securities issued by PRC companies, and may also consider investment opportunities in fixed income U.S. dollar denominated debt securities issued by companies in other regions. As of August 31, 2020, the total asset under management of Product L was US\$1,322.1 million and the total net asset under management of Product L was US\$654.8 million, based on the August 2020 monthly report on Product L issued by the fund management company. Our RMB352.9 million investment represents an approximately 3.9% interest in the fund.

Working Capital

We need working capital to service our debts when due and to pay construction costs, land acquisition costs and all applicable taxes for projects developed by our subsidiaries. In 2017 and 2018, we recorded net operating cash outflows, primarily due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by the proceeds received from our pre-sales and sales of the properties for the respective year, which we believe is consistent with our industry practice. See “— Cash Flow Analysis — Net Cash Flows Generated from/(Used in) Operating Activities” for detailed information.

FINANCIAL INFORMATION

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, including but not limited to the issuance of ABS, senior notes or other debt offerings.

Sufficiency of Working Capital

Taking into account our current project development and sales schedules, our expected cash generated from operating activities, the estimated net proceeds from the Global Offering, our credit facilities maintained with banks, and additional financial resources available to us, together with our expected cash outflow in the near future, which are mainly driven by the increase in the number of our existing property projects entering into development stage and the unpaid land premiums, our Directors are of the opinion that we will have available sufficient working capital for our present requirements for at least the 12 months following the date of this Prospectus.

Capital Expenditures

Our capital expenditure during the Track Record Period primarily represented expenditures incurred relating to purchase of office equipment, vehicles and buildings and intangible assets. In 2017, 2018 and 2019 and the four months ended April 30, 2020, we incurred capital expenditures of RMB86.5 million, RMB49.4 million, RMB20.1 million and RMB7.9 million, respectively. Our capital expenditure generally declined during the Track Record Period, primarily because we had purchased sufficient office equipment, vehicles, buildings and intangible assets to support our business operations. Our future expansion of business scale does not necessarily require proportional increase in spending on the above-mentioned items of capital expenditures.

Our Directors estimate that our capital expenditure for the year ending December 31, 2020 will be approximately RMB22.3 million. Such estimates represent the total capital expenditure we expect to incur based on our existing business plans. We may adjust our business plans and the estimate total capital expenditure may also change.

FINANCIAL INFORMATION

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

During the Track Record Period, our capital commitments mainly related to property development and acquisition of land use right. The following table sets forth our capital commitments as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30,
	(RMB'000)			2020
Contracted, but not provided for:				
Property development activities .	27,209,976	31,974,383	24,806,046	23,411,179
Acquisition of land use rights....	5,416,306	531,558	2,388,549	3,605,764
Total	32,626,282	32,505,941	27,194,595	27,016,943

We intend to fund our capital commitments by using our cash and cash equivalents, restricted cash, cash flow generated from pre-sales/sales, bank and other financings, international and domestic notes issuance and the net proceeds received from the Global Offering. In particular, as of April 30, 2020, we had cash and cash equivalents of RMB2,446.9 million and restricted cash of RMB4,971.2 million, a majority of which is permitted to be used in the development of relevant property projects. Such cash and cash equivalents as well as restricted cash enable us to satisfy our capital commitments for each of the property projects and support our property development activities. We also plan to use pre-sale and sales proceeds that are expected to be received in the next one to two years in the relevant property projects in accordance with the applicable laws and regulations. In addition, as of August 31, 2020, we had unutilized credit facilities granted by banks and other financial institutions of approximately RMB9,781.0 million available for us to satisfy our capital commitments.

Contingent Liabilities

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. We did not incur any material losses during the Track Record Period in respect of the guarantees provided for mortgage facilities granted to purchasers of our completed properties held for sale. Our Directors considered that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial. As such, no provision has been made in connection with the guarantees.

FINANCIAL INFORMATION

The following table set forth our total mortgage guarantees and debt guarantees as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	April 30, 2020
	(RMB'000)			
Guarantees given to banks in connection with facilities granted to purchasers of our properties	13,642,478	17,930,409	37,028,811	36,635,585
Guarantees given to banks in connection with facilities granted to related parties and a third party	27,450	736,744	4,137,450	3,540,450
Total	13,669,928	18,667,153	41,166,261	40,176,035

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of August 31, 2020, being the latest practicable date for the purpose of the indebtedness statement. Our Directors have confirmed that there had not been any material change in the indebtedness, capital commitments and contingent liabilities of our Group up to the latest practicable date for the purpose of the indebtedness statement.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities disclosed above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth a breakdown of our borrowings and lease liabilities by type as of the dates indicated.

	As of December 31,			As of	As of
	2017	2018	2019	April 30, 2020	August 31, 2020
			(RMB'000)		(unaudited)
Current					
Bank loans — secured	126,500	—	37,250	34,250	1,272,250
Bank loans — unsecured .	20,000	20,000	—	—	—
Other loans — secured....	1,993,105	3,578,450	5,886,700	7,278,030	11,313,728
Other loans — unsecured.....	—	425,900	144,800	140,650	519,200
Current portion of long term bank loans — secured	199,000	268,000	619,133	735,133	147,000
Current portion of long term bank loans — unsecured.....	27,000	—	—	—	—
Current portion of other loans — secured	7,839,550	7,924,977	2,801,114	7,149,318	7,084,750
Current portion of other loans — unsecured.....	120,000	306,500	800,000	305,000	347,000
Senior notes.....	—	644,958	1,016,301	72,709	1,384,092
Asset-backed securities ..	1,710,080	2,416,926	205,551	—	—
Lease liabilities within one year.....	7,078	30,812	50,744	52,078	47,496
Total current	<u>12,042,313</u>	<u>15,616,523</u>	<u>11,561,593</u>	<u>15,767,168</u>	<u>22,115,516</u>
Non-current					
Bank loans — secured	6,547,733	8,482,914	8,345,655	9,288,935	11,267,245
Other loans — secured....	6,454,000	3,804,982	8,319,370	5,701,040	5,992,869
Other loans — unsecured.....	837,437	1,191,500	351,500	31,500	31,500
Lease liabilities	7,751	27,931	74,846	71,623	77,262
Senior notes.....	—	—	—	1,477,719	2,081,950
Total non-current	<u>13,846,921</u>	<u>13,507,327</u>	<u>17,091,371</u>	<u>16,570,817</u>	<u>19,450,826</u>
Total borrowings and lease liabilities	<u><u>25,889,234</u></u>	<u><u>29,123,850</u></u>	<u><u>28,652,964</u></u>	<u><u>32,337,985</u></u>	<u><u>41,566,342</u></u>

Our total lease liabilities were RMB14.8 million, RMB58.7 million, RMB125.6 million, RMB123.7 million and RMB124.8 million as of December 31, 2017, 2018 and 2019, April 30, 2020 and August 31, 2020, respectively, in accordance with the adoption of IFRS 16.

Our total borrowings increased from RMB25,874.4 million as of December 31, 2017 to RMB29,065.1 million as of December 31, 2018, primarily due to our increased financial needs in line with our business expansion. Our total borrowings decreased from RMB29,065.1 million as of December 31, 2018 to RMB28,527.4 million as of December 31, 2019, primarily due to decrease in ABS. Our total borrowings increased from RMB28,527.4 million as of December 31, 2019 to RMB32,214.3 million as of April 30, 2020 and further to RMB41,441.6 million as of August 31, 2020, primarily due to increase in financial needs in line with our business expansion.

FINANCIAL INFORMATION

Our borrowings may be secured by our asset portfolio which includes property, plant and equipment, investment properties, properties under development and pledged deposits. Moreover, Mr. Chen, one of our Controlling Shareholders has guaranteed certain of our bank and other borrowings up to RMB15,062.3 million, RMB15,175.3 million, RMB16,797.9 million and RMB15,290.8 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Ms. Zhu Guoling, a family member of one of our Controlling Shareholders, has guaranteed certain of the bank and other borrowings of up to RMB12,670.7 million, RMB13,968.7 million, RMB11,447.5 million and RMB10,158.4 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Our Directors confirm that all of such guarantees will be fully released before the Listing.

Our weighted average interest rates for our bank and other borrowings, ABS and senior notes were 8.09%, 8.13%, 9.28% and 9.69% as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. The increase from December 31, 2018 to December 31, 2019 was primarily due to increased portion of trust financing of the total borrowings which typically bears higher effective interest rates.

Bank and Other Borrowings

As of December 31, 2017, 2018 and 2019, April 30, 2020 and August 31, 2020, our bank and other borrowings were repayable as follows.

	As of December 31,			As of	As of
	2017	2018	2019	April 30,	August 31,
				2020	2020
	(RMB'000)				(unaudited)
Bank loans repayable:					
Within one year	372,500	288,000	656,383	769,383	1,419,250
In the second year	1,220,000	1,275,000	1,899,500	2,013,000	2,486,000
In the third to fifth years, inclusive	5,327,734	7,207,914	6,446,155	7,275,935	8,781,245
	<u>6,920,234</u>	<u>8,770,914</u>	<u>9,002,038</u>	<u>10,058,318</u>	<u>12,686,495</u>
Other borrowings repayable:					
Within one year	9,952,655	12,235,827	9,632,614	14,872,998	19,264,678
In the second year	5,501,500	2,441,100	7,413,670	4,403,440	4,049,169
In the third to fifth years.....	1,004,936	1,410,382	462,200	534,100	1,190,200
In the fifth years, inclusive	785,000	1,145,000	795,000	795,000	785,000
	<u>17,244,091</u>	<u>17,232,309</u>	<u>18,303,484</u>	<u>20,605,538</u>	<u>25,289,047</u>
Total bank and other borrowings	<u><u>24,164,325</u></u>	<u><u>26,003,223</u></u>	<u><u>27,305,522</u></u>	<u><u>30,663,856</u></u>	<u><u>37,975,542</u></u>

FINANCIAL INFORMATION

As of August 31, 2020, we had approximately RMB9,781.0 million in unutilized credit facilities granted by banks and other financial institutions. Our approved unutilized credit facilities are covered by legally binding and enforceable loan agreements which we have entered into with the banks and other financial institutions. Our Directors have confirmed that, other than the Global Offering, we do not currently have any concrete and material external financing plans outside our ordinary course of business. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although there is no assurance that we will be able to access bank financing on favorable terms.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross default provisions.

Trust Financing

As with many other property developers in the PRC, we also enter into financing arrangements with trust financing companies 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. These financing arrangements can be categorized into trust financing and other financing arrangements. Trust financing arrangements refer to the financing arrangements with trust companies, asset management companies and their financing vehicles. Due to the advantages indicated above, the trust financing arrangements we entered into increased during the Track Record Period in line with our business growth.

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》), which stipulates a minimum capital requirement of 25% for the development of property projects, except for ordinary commodity apartments and indemnificatory housing. When providing funds to property development companies, the financial institutions are required to prepare financing plans in accordance with the relevant regulations, including the above-mentioned minimum capital requirement. In addition, our finance and fund management centers at the regional- and group-level submit the relevant financing plans prepared by the financial institutions to our financing management committee at the group-level for approvals before entering into the financing arrangements. As of April 30, 2020, the total amount of trust financing outstanding accounted for 63.0% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Regulatory Overview — Real Estate Financing — Trust and Asset Management Financing.”

FINANCIAL INFORMATION

The following table sets forth our trust financing arrangements with trust companies, asset management companies and their financing vehicles which were outstanding as of April 30, 2020.

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals/ Transfer	Veto rights of financial institution	Balance as of April 30, 2020 (RMB'000)	Balance as of August 31, 2020 (RMB'000)	General category of trust financing arrangements
1	Financial institution A	11.50%	September 24, 2019	September 20, 2021	Pledge of land use right and a property under development	N/A	279,740	169,740	Type 1
2	Financial institution B	13.90%	September 26, 2019	September 25, 2020	Pledge of trade receivables and 60% shares of a project company, and transfer of 40% shares of a project company	Yes	159,900	159,900	Type 3
3	Financial institution C	12.00%	November 9, 2017	November 9, 2021	Pledge of land use right	N/A	270,000	255,000	Type 1
4	Financial institution D	9.26%	November 29, 2019	October 17, 2020	Pledge of 51% shares of a project company, and transfer of 49% shares of a project company	Yes	21,000	33,900	Type 3
5	Financial institution E	13.00%	November 1, 2019	November 12, 2020	Pledge of land use right and 30% shares of a project company and transfer of 70% shares of a project company	Yes	25,000	25,000	Type 3
6	Financial institution G	14.00%	December 27, 2019	June 27, 2020	Pledge of the right to receive the income of a project and 100% shares of a project company	N/A	70,000	20,000	Type 2
7	Financial institution I	11.41%	July 19, 2019	August 9, 2020	Pledge of land use right and 51% shares of a project company, and transfer of 49% shares of a project company	Yes	330,000	–	Type 3
8	Financial institution E	14.00%	November 14, 2019	May 6, 2020	Pledge of land use right, 10% shares of a project company, 100% shares of a project company and transfer of 90% shares of a project company	Yes	313,400	–	Type 3
9	Financial institution J	12.00%	July 17, 2019	January 17, 2021	Pledge of land use right and 65% shares of a project company, and transfer of 35% shares of a project company	Yes	597,000	597,000	Type 3

FINANCIAL INFORMATION

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals/ Transfer	Veto rights of financial institution	Balance as of April 30, 2020 (RMB'000)	Balance as of August 31, 2020 (RMB'000)	General category of trust financing arrangements
10	Financial institution J	10.50%	June 25, 2019	June 25, 2020	Pledge of land use right and 100% shares of a project company	N/A	400,000	–	Type 2
11	Financial institution K	12.00%	December 5, 2019	December 4, 2020	Pledge of land use right and 100% shares of two project companies	N/A	1,050,000	–	Type 2
12	Financial institution L	13.00–13.50%	August 23, 2019	March 24, 2021	Pledge of 51% shares of a project company, and transfer of 49% shares of a project company	Yes	334,500	474,500	Type 3
13	Financial institution M	11.00%	April 4, 2019	May 4, 2020	Pledge of 60% shares of a project company, and transfer of 40% shares of a project company	N/A	292,600	–	Type 3
14	Financial institution O	11.56%	May 20, 2019	September 5, 2020	Pledge of land use right and 100% shares of a project company	N/A	450,000	7,100	Type 2
15	Financial institution O	11.50%	April 29, 2019	August 21, 2020	Pledge of land use right and 100% shares of a project company	N/A	200,000	–	Type 2
16	Financial institution Q	11.00%	November 22, 2019	May 20, 2021	Pledge of land use right and 100% shares of a project company	N/A	255,700	203,800	Type 2
17	Financial institution R	First year: 10.5%, second year: 11.5%	April 8, 2019	May 12, 2021	Pledge of land use right, completed properties, a property under development and 80% shares of a project company	N/A	318,000	–	Type 2
18	Financial institution S	12.625%	October 28, 2019	April 28, 2021	Pledge of trade receivables	N/A	295,400	95,400	Type 1
19	Financial institution R	8.50%	March 28, 2017	March 28, 2022	Pledge of land use right and 100% shares of a project company	N/A	320,000	259,000	Type 2
20	Financial institution T	8.00%	June 20, 2016	June 19, 2026	Pledge of properties and 90% shares of a project company, and transfer of 10% shares of a project company	N/A	795,000	785,000	Type 3
21	Financial institution J	11.20%	September 19, 2018	September 19, 2020	Pledge of land use right and 100% shares of a project company	N/A	569,448	475,200	Type 2

FINANCIAL INFORMATION

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals/ Transfer	Veto rights of financial institution	Balance as of April 30, 2020 (RMB'000)	Balance as of August 31, 2020 (RMB'000)	General category of trust financing arrangements
22	Financial institution I	12.00%	June 14, 2019	July 11, 2020	Pledge of land use right and a property under development	N/A	88,600	–	Type 1
23	Financial institution V	14.50%	November 15, 2019	December 11, 2020	Pledge of 51% shares of a project company, and transfer of 49% shares of a project company	N/A	50,000	50,000	Type 3
24	Financial institution F	16.54%	December 22, 2017	April 17, 2021	N/A	N/A	300,000	300,000	Type 1
25	Financial institution J	11.40%	May 8, 2019	December 12, 2021	Pledge of land use right and 100% shares of a project company	N/A	1,932,400	1,799,000	Type 2
26	Financial institution W	11.00%	December 26, 2019	December 26, 2020	Pledge of 30% shares of a project company and transfer of 70% shares of a project company	Yes	383,200	–	Type 3
27	Financial institution J	11.00%	April 20, 2018	April 20, 2021	Pledge of 40% shares of Shinsun Property	N/A	1,099,600	1,088,700	Type 2
28	Financial institution O	11.50%	June 29, 2018	September 14, 2020	Pledge of land use right and 100% shares of a project company	N/A	89,500	15,600	Type 2
29	Financial institution X	15.00%	September 29, 2019	September 29, 2020	Pledge of land use right, and transfer of 100% shares of a project company	Yes	300,000	300,000	Type 3
30	Financial institution E	10.50%	August 9, 2019	January 19, 2021	Pledge of 10% shares of a project company and transfer of 90% shares of a project company	Yes	130,000	130,000	Type 3
31	Financial institution R	11.00%	September 3, 2019	September 2, 2021	Pledge of a property under development and 100% shares of a project company	N/A	200,000	–	Type 2
32	Financial institution Y	14.50%	September 27, 2019	March 26, 2021	Pledge of land use right and 100% shares of two project companies	N/A	300,000	229,000	Type 2
33	Financial institution O	11.00%	June 5, 2019	September 14, 2020	Pledge of land use right and 100% shares of a project company	N/A	500,000	150,000	Type 2

FINANCIAL INFORMATION

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals/ Transfer	Veto rights of financial institution	Balance as of April 30, 2020 (RMB'000)	Balance as of August 31, 2020 (RMB'000)	General category of trust financing arrangements
34	Financial institution I	11.10%	August 22, 2019	September 27, 2021	Pledge of land use right and 51% shares of a project company, and transfer of 49% shares of a project company	Yes	800,000	800,000	Type 3
35	Financial institution R	10.50%	October 22, 2018	October 22, 2020	Pledge of land use right and 100% shares of a project company	N/A	450,000	–	Type 2
36	Financial institution O	9.50% plus an agreed floating rate	November 14, 2019	March 4, 2021	Pledge of land use right and 100% shares of a project company	N/A	700,000	700,000	Type 2
37	Financial institution J	11.20%	September 29, 2018	April 20, 2021	Pledge of 20% shares of a project company	N/A	599,700	600,000	Type 2
38	Financial institution AA	12.00%	April 10, 2020	April 10, 2022	Pledge of land use right and properties under development	N/A	100,000	100,000	Type 1
39	Financial institution K	10.00%	March 26, 2020	September 27, 2021	Pledge of 100% shares of four project companies	N/A	920,700	979,430	Type 2
40	Financial institution Y	13.50%	January 10, 2020	July 10, 2021	Pledge of properties under development and 100% shares of a project company	N/A	200,000	269,300	Type 2
41	Financial institution G	10.00%	January 3, 2020	October 28, 2020	N/A	N/A	107,650	155,400	Type 1
42	Financial institution K	12.50%	April 23, 2020	April 30, 2021	Pledge of land use right and 100% shares of a project company	N/A	1,177,300	1,510,000	Type 2
43	Financial institution J	12.00%	April 30, 2020	October 30, 2022	Pledge of land use right and 66.1% shares of a project company, and transfer of 33.9% shares of a project company	N/A	191,900	398,000	Type 3
44	Financial institution C	10.50%	February 14, 2020	May 21, 2020	Pledge of land use right	N/A	460,000	–	Type 1
45	Financial institution FF	13.20%	March 12, 2020	April 6, 2021	Pledge of 51% shares of a project company and transfer of 49% shares of a project company	Yes	635,000	635,000	Type 3

FINANCIAL INFORMATION

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals/ Transfer	Veto rights of financial institution	Balance as of April 30, 2020 (RMB'000)	Balance as of August 31, 2020 (RMB'000)	General category of trust financing arrangements
46	Financial institution BB	13.90%	January 13, 2020	July 11, 2020	Pledge of 51% shares of a project company and transfer of 49% shares of a project company	Yes	250,000	–	Type 3
47	Financial institution CC	12.00%	March 30, 2020	March 29, 2021	Pledge of land use right	N/A	100,000	–	Type 1
48	Financial institution DD	17.00%	April 30, 2020	July 30, 2020	Pledge of 51% shares of a project company	N/A	153,800	210,800	Type 2
49	Financial institution EE	10.00%	April 16, 2020	February 17, 2023	Pledge of land use right	N/A	342,200	342,200	Type 1
50	Financial institution I	12.96%	November 29, 2019	March 13, 2021	Pledge of land use right, 50% shares of a project company and 100% shares of a project company, and transfer of 50% shares of a project company	Yes	347,500	817,500	Type 3
51	Financial institution H	13.90%	August 26, 2019	May 13, 2020	Pledge of 51% shares of a project company and transfer of 49% shares of a project company	Yes	50,000	–	Type 3
52	Financial institution K	13.00%	February 2, 2019	May 31, 2020	Pledge of land use right and 51% shares of a project company, and transfer of 49% shares of a project company	Yes	5,000	–	Type 3
							<u>20,310,738</u>	<u>15,140,470</u>	

The trust companies, asset management companies and their financing vehicles that we have cooperated with are reputable and well-established institutions in the PRC and are Independent Third Parties.

Our trust financing arrangements are broadly categorized into:

- Type 1 arrangements which have terms similar to bank borrowings and do not involve either a pledge or a transfer of equity interests;
- Type 2 arrangements which have similar terms as bank borrowings and involve a pledge of equity interests; or

FINANCIAL INFORMATION

- Type 3 arrangements which involve a transfer of equity interests to the trust financing provider or a subscription of registered capital by the financial institutions; we undertake to repurchase such equity interests at the same consideration under the relevant equity transfer agreements or at a consideration calculated based on the equity transfer consideration plus a pre-determined interest rate at the expiry of the terms of the respective financing arrangements.

The following table sets forth the aggregate principal balances of our trust financing borrowings by type as of the dates indicated.

	As of April 30, 2020		As of August 31, 2020 ⁽²⁾	
	Number	RMB'000	Number	RMB'000
Type 1	10	2,343,590	7	1,417,740
Type 2	22	11,956,148	16	8,516,930
Type 3 ⁽¹⁾	20	6,011,000	13	5,205,800
Total trust financing borrowings.	52	20,310,738	36	15,140,470

Notes:

- (1) As of August 31, 2020, the total outstanding amount of our Type 3 trust financing was RMB5,205.8 million.
- (2) Reflects the outstanding balance as of August 31, 2020 of our trust financing arrangements that were outstanding as of April 30, 2020.

Key Terms of Type 1 Arrangements

In Type 1 arrangements, where our equity interests are neither pledged nor transferred, the lenders typically require such financings to be secured by our properties under development, completed properties held for sale or land use rights and/or secured personally by properties of our Controlling Shareholders. They may also contain terms that prohibit our borrowing subsidiaries from entering into transactions such as merger, restructuring, spin-off, material asset transfer, liquidation, change of control, change of scope of business or incurring further indebtedness without prior consent. We retain the rights and control in respect of the daily operation and management of our project companies and borrowing subsidiaries.

Key Terms of Type 2 Arrangements

In Type 2 arrangements, the equity interests held by us, as the case may be, in the relevant companies are pledged to the lenders. The lenders typically do not have the right to participate in these companies' board or shareholders' meetings or have veto rights in any form. In addition, we are generally not required to obtain the prior consent from the lenders in respect of operational activities during the ordinary course of business. Since under the terms of this type of borrowing arrangement, the lenders typically can only exercise ordinary creditors' rights and do not have veto rights relating to operational matters in the ordinary course of business of those relevant companies, we believe that such arrangements will not affect the control over such companies. The pledged interests will be released upon repayment of the principal of, and any other amount due under, such trust financing.

FINANCIAL INFORMATION

Key Terms of Type 3 Arrangements

In Type 3 arrangements, where a portion of our equity interests in the borrowing project companies are transferred to, or subscribed by and issued to, the lenders, the legal terms are more complex. A summary of key terms is set forth below.

Board Representation

Through equity participation in the relevant project companies, the lenders are entitled to appoint a certain number of directors to the relevant boards. We retain majority board seats in all the relevant subsidiaries and therefore, we retain control over the decision-making power of such boards. During the Track Record Period, there had been no dissenting vote cast by any of the board representatives appointed by lenders in this type of arrangements.

Control over the Project Companies

During the term of the Type 3 arrangements, we retain the right in respect of the day-to-day operation and management of our project companies and their businesses. However, under certain of our Type 3 arrangements, the lenders are entitled to designate officers to relevant subsidiaries to supervise the management of such subsidiaries, including exercising actual control of the stamps, licenses and certificates, and inspecting the construction site. Such officers also have access to the bank account, financial records and IT systems of our project companies. In addition, under such arrangements, the lenders are entitled to take over the management of our relevant subsidiary in cases where the management of our subsidiary is not competent to perform management roles. During the Track Record Period, none of the lenders in this type of arrangements actively participated or intervened in the day-to-day operations and management of any of our project companies.

The equity interests in project companies under Type 3 arrangements are less than the beneficiary interests which are attributable to the trust financing arrangements with the third party financing institutes. We legally transferred partial equity interests of these subsidiaries as collateral to the trust financing institutes. Under such trust financing arrangements, we were obligated to purchase equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing entities. Meanwhile, we retain the power to operate and manage these entities in the ordinary course of business. In this regard, considering the facts that the substance of the arrangements is to collateralize some equity interests in these entities for the borrowings for project development, and we retain the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies as well as considering the adoption of IFRS 10, our Directors are of the view that the financial position and operating results of these entities should be combined into our financial statements, irrespective of the equity transfers from the legal perspective.

FINANCIAL INFORMATION

Veto Right

Under some of our outstanding Type 3 arrangements as of April 30, 2020, the relevant lender is entitled to a veto right to certain material matters relating to the relevant project company, including but not limited to the review and approval of its annual financial budget plans and development plans, any merger, investment and asset transfer or disposal. Such veto rights were merely protective rights designed and effected to provide enhanced security to the lender in respect of our negative covenants given under the Type 3 arrangements that we may not operate our business in such a way that deviates materially from the pre-determined financial and operating policies. During the Track Record Period, none of the board representatives of such lender had exercised his/her veto rights. As of the date of this Prospectus, we have obtained confirmation letters from such lenders, confirming that they would not exercise their veto rights. Accordingly, the Directors are satisfied that the risk of losing control over the borrowing subsidiaries is mitigated, and we believe that we maintain control over the borrowing subsidiaries despite such veto rights. The funds injected in our Group under Type 3 trust arrangements are treated as borrowings of our Group.

Repayment

The terms of our trust financing arrangements typically range from six months to three years. We are obliged to make the full repayment of the loans under our trust financing arrangements in order to repurchase the equity interest from the relevant lenders and discharge the pledged land use rights and/or equity interests. If we fail to satisfy our repayment obligations on time, we will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements, or we will be subject to enforcement actions against the security interest we have granted and which could affect our ownership of our project companies. See “Risk Factors — Risks Relating to Our Business — We have indebtedness and may incur additional indebtedness in the future, and may not be able to fully and timely repay our indebtedness.” 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.

Security

As security for the performance of our project companies, we have in some cases provided guarantees, share pledges and/or fixed asset liens to the lenders.

Fixed Income Return

According to the confirmation letters issued by our lenders, under the terms of the Type 3 agreements we have entered into, the lenders do not in any circumstance enjoy any investment return other than a pre-determined fixed income return. We remain fully accountable for the profits and losses of our project companies. The lenders do not bear any risks or enjoy any benefits other than the fixed income return that was pre-determined through

FINANCIAL INFORMATION

arm's-length negotiation. Our Directors have confirmed that the rates of fixed income return provided to the trust companies, asset management companies or other financial institutions under our Type 3 arrangements are within the range of market rates.

Financing Covenants

Our financing agreements with trust companies, asset management companies and their financing vehicles contain a number of customary affirmative and/or negative covenants. To ensure the loans for which the agreed uses are properly applied, such lenders normally stipulate certain monitoring measures in their loan agreements. For example, we are required to provide interim financial statements, property development and sales schedules to the relevant lenders upon their request. Under certain trust financing agreements, we are required to report to the relevant lenders as to the use of proceeds on a regular basis. In addition, we are subject to restrictive covenants under certain loan agreements with such lenders. For example, we are not permitted to transfer or assign our rights and obligations under the loan agreements to any third-party without the prior consent from the relevant lenders. We are prohibited from carrying out any merger, restructuring or material investment, without the written consent of the relevant lenders.

Under Type 3 arrangements, the financial institutions, as lenders, will acquire a portion of the equity interest in our borrowing project companies (the “**Borrowing Subsidiaries**”) through transfer of equity interest from the shareholder of the Borrowing Subsidiaries or subscription of additional registered capital of the Borrowing Subsidiaries as security for the trust financings provided by the lenders to the Borrowing Subsidiaries. The equity participations in the Borrowing Subsidiaries by the lenders are secured borrowing transactions which do not give rights to lenders to participate in the day-to-day operations and management of the Borrowing Subsidiaries and are in place for the purpose to protect the interests of the lenders in the event of payment default of the Borrowing Subsidiaries. Pursuant to the terms of the equity participations by the lenders, the lenders are only entitled to pre-determined fixed return with reference to the amount of the trust financings provided but not the economic interests (including the dividends to be distributed in respect of any retained earnings) commensurate with the equity interests held. Despite that the lenders may appoint directors to the board of directors of the Borrowing Subsidiaries, our Group had at all times retained board control over the Borrowing Subsidiaries during the Track Record Period. In addition, the voting rights in the general meetings and veto rights in certain corporate actions which the lenders are entitled to through their equity participations in the Borrowing Subsidiaries will only be exercised by the lenders for the purpose of enforcing the security in the event of payment defaults of the trust financings. The Borrowing Subsidiaries are also “insignificant subsidiaries” of our Company on an aggregate basis for the same lender under Rule 14A.09 of the Listing Rules, and thus, these lenders should not be regarded as connected persons of our Company under Rule 14A.07 of the Listing Rules.

FINANCIAL INFORMATION

The financial information of the project companies under Type 3 arrangements are included in the Historical Financial Information of our Group during the Track Record Period as set out in the Accountants' Report included in Appendix I to this Prospectus. The reporting accountants had expressed an unqualified opinion on the Historical Financial Information of our Group during the Track Record Period and the works performed by them were in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Further details of the works performed are included in note 30 to the Accountants' Report included in Appendix I to this Prospectus.

ABS

The following table sets forth details on our ABS issuances in 2017, 2018 and 2019.

Name of ABS	Principal amount issued for the year ended December 31,			Annual interest rate	Maturity	Ending balance as of December 31,		
	2017	2018	2019			2017	2018	2019
		(RMB'000)		%			(RMB'000)	
Shinsun Group Housing Residual Payment 01	1,710,080	1,268,250	–	8.0-10.0	2018-2019	1,710,080	402,026	–
Shinsun Group Housing Residual Payment 02	–	977,250	–	8.0-10.3	2018-2019	–	650,839	–
Shinsun Group Housing Residual Payment 03	–	988,180	59,900	8.0-12.0	2018-2020	–	814,141	5,481
Shinsun Group Housing Residual Payment 04	–	549,930	949,650	8.3-9.7	2018-2020	–	549,920	150,070
Shinsun Group Housing Residual Payment 05	–	–	50,000	8.89	2020	–	–	50,000
Total	1,710,080	3,783,610	1,059,550			1,710,080	2,416,926	205,551

We were prohibited from being the target of any merger or acquisition without the prior consents of the relevant managers or trustees, unless the surviving company assumes the obligation under the ABS and the transaction is in compliance with applicable laws, regulations and other provisions in the ABS agreement.

As of April 30, 2020, all ABS had been repaid in full.

FINANCIAL INFORMATION

Senior Notes

On June 11, 2018, Xiang Sheng Holding Limited issued US\$95.0 million principal amount senior notes due on May 23, 2019, guaranteed by Shinsun Property and Mr. Chen, or the 2018 Notes. Xiang Sheng Holding Limited is an indirect subsidiary of, and a special purpose vehicle set up for financing purposes by Shinsun Property. The 2018 Notes bore interest at the rate of the greater of LIBOR rate plus 9% or 11%. As of December 31, 2019, the 2018 Notes had been repaid in full. In 2018 and 2019, we incurred interest expenses of RMB34.9 million and RMB41.0 million, respectively. The investor who subscribed to the 2018 Notes was a financial institution and an Independent Third Party.

On May 23, 2019 and December 20, 2019, Xiang Sheng Holding Limited issued an aggregate principal amount of RMB994.9 million RMB-denominated notes due 2020 with an interest rate of 9.5% per annum. As of April 30, 2020, these short-term RMB-denominated notes had been partially repaid with an outstanding balance of RMB72.7 million, respectively. The investor who subscribed to these short-term RMB-denominated notes was a financial institution and an Independent Third Party.

On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited issued US\$300.0 million in aggregate principal amount of 12.5% senior notes due in 2022, or the 2022 Notes. The 2022 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2022 Notes are unsecured. Investors who subscribed to the 2022 Notes were primarily professional investors, financial institutions, other corporations and affluent individuals, and to the best knowledge of our Directors, are all Independent Third Parties.

On July 31, 2020, Xiang Sheng Overseas Limited, a wholly-owned subsidiary of Shinsun Property, issued US\$200.0 million in aggregate principal amount of 11.0% senior notes due in 2021, or the 2021 Notes. The 2021 Notes bear interest at the rate of 11.0% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen will be released immediately prior to the Listing. The 2021 Notes are unsecured. Investors who subscribed to the 2021 Notes were primarily professional investors, financial institutions, other corporations and affluent individuals, and to the best knowledge of our Directors, are all Independent Third Parties.

Under the 2022 Notes and the 2021 Notes, we are subject to a few restrictive covenants under our 2022 Notes and our 2021 Notes, including limitation on our ability to create liens or effect a consolidation or merger. Our Directors confirm that they were not aware of any breach of any of the covenants contained in our senior notes constituting any event of default during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

Designated Usage of Certain Indebtedness

Some of our bank borrowings and trust financings during the Track Record Period included provisions that designated borrowings to specific construction and property development projects. There is no designated use of proceeds according to relevant contract provisions of other forms of our indebtedness. The following table sets forth the number and principal amount of indebtedness that were contractually designated for specific construction and property development projects during the periods indicated.

	Year ended December 31,						Four months ended	
	2017		2018		2019		April 30, 2020	
	Principal		Principal		Principal		Principal	
	amount	Number	amount	Number	amount	Number	amount	Number
	(RMB'000)		(RMB'000)		(RMB'000)		(RMB'000)	
Bank borrowings	7,200,234	12	8,770,914	11	9,002,038	11	10,058,318	15
Trust financing	14,063,092	40	15,148,710	39	15,432,814	42	17,243,148	40
Total	21,263,326	52	23,919,624	50	24,434,852	53	27,301,466	55

During the Track Record Period, all of the funds from these bank borrowings and trust financing arrangements were properly applied as designated. We, together with our lenders, take the following measures to ensure that the funds from these bank borrowings and trust financing arrangements are properly applied as designated during the Track Record Period and going forward: (i) we, as the borrower, have internal policies in place, requesting any use of the funds to go through our internal payment procedures. Specially, (a) a project company's general manager or head of the finance department reviews the relevant budgets and payment applications, and approves and authorizes the payments in accordance with the relevant contract terms that specify the designated use of the funds; and (b) the regional companies and our finance and fund management center at the group level supervise the project companies' implementation of the internal payment procedures; and (ii) the relevant financial institutions typically undergo a series of approval and fund release processes to ensure the borrowing proceeds are used in development projects.

FINANCIAL INFORMATION

SUMMARY OF KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,			As of/for the four months ended April 30, 2020
	2017	2018	2019	
Current ratio (times) ⁽¹⁾	1.2	1.1	1.2	1.1
Interest coverage ratio (times) ⁽²⁾ ...	N/A ⁽⁷⁾	0.3	1.4	0.8
Net gearing ratio (times) ⁽³⁾	13.8	7.4	3.6	4.3
Gearing ratio (times) ⁽⁴⁾	17.7	10.1	4.8	5.7
Return on total assets (%) ⁽⁵⁾	N/A ⁽⁷⁾	0.4	2.5	1.3
Return on equity (%) ⁽⁶⁾	N/A ⁽⁷⁾	16.6	50.1	40.3

Notes:

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.
- (2) Interest coverage ratio is profit for the period before income tax expense plus finance costs, divided by our interest on bank and other borrowings, ABS, senior notes, lease liabilities and total interest expense arising from revenue contracts, which include capitalized interest for the respective period.
- (3) Net gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity. Total borrowings consist of interest-bearing bank and other borrowings, ABS and senior notes as of the respective dates.
- (4) Gearing ratio is calculated based on total borrowings divided by total equity. Total borrowings consist of interest-bearing bank and other borrowings, ABS and senior notes as of the respective dates.
- (5) Return on total assets is calculated based on our annualized profit for the period divided by the total assets at the end of the period and multiplied by 100%.
- (6) Return on equity ratio is calculated based on our annualized profit for the period attributable to owners of the parent divided by the total equity attributable to owners of the parent at the end of the period and multiplied by 100%.
- (7) We recognized a loss before interest, tax expenses and a net loss for the period in 2017. Accordingly, the presentation of interest coverage ratio, return on total assets and return on equity as of December 31, 2017 would not be meaningful.

Current Ratio

Our current ratio remained relatively stable at 1.2, 1.1, 1.2 and 1.1 times, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020.

FINANCIAL INFORMATION

Interest Coverage Ratio

Our interest coverage ratio increased from 0.3 times in 2018 to 1.4 times in 2019 primarily due to the increase in our profit before finance costs and tax outpaced the increase in our interest expenses resulting from the significant increase in our revenue driven by an increase in the recognized GFA from 2018 to 2019. Our interest coverage ratio decreased from 1.4 times in 2019 to 0.8 times in the four months ended April 30, 2020 primarily due to the increase in our balance of bank and other borrowings and senior notes.

Net Gearing Ratio

Net gearing ratio was 13.8 times, 7.4 times, 3.6 times and 4.3 times, respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020. Our net gearing ratio was calculated based on total borrowings, which include bank and other borrowings, ABS and senior notes, as of the respective dates less cash and bank balances divided by total equity as of the same dates. During the Track Record Period, our net gearing ratio was high, due to our relatively large amount of borrowings and our relatively small total equity resulting from previously accumulated losses. See the discussion below on our accumulated losses as of January 1, 2017.

The decrease in the net gearing ratio from December 31, 2017 to December 31, 2018 was primarily attributable to an increase in total equity as a result of the improvement in our profitability, which was partially offset by an increase in total borrowings. The decrease in the net gearing ratio from December 31, 2018 to December 31, 2019 was primarily attributable to a continued increase in total equity as a result of the further improvement in our profitability and operating cash generation. The subsequent increase of net gearing ratio as of April 30, 2020 was primarily due to increase of net borrowings and a slight decrease of net assets.

We recorded accumulated losses of RMB1,023.3 million as of January 1, 2017, which was primarily because we accelerated our property development activities and geographical expansion since 2016 by entering into new market such as Jiaxing, Haining, Lianyungang, Zhoushan and Xiantao. As a result, we incurred significant operating expenses (mainly including staff cost, marketing expenses and administrative expenses since 2016) at the earlier stage of increasing market share and ranking of the property development business, while the total recognized GFA, as well as the recognized ASP were relatively low during the same periods. In addition, we recorded a provision for impairment loss of approximately RMB648.0 million for Nanping Shinsun Yijing Flower City (南平祥生藝境花城) as of January 1, 2017. For the reasons for such impairment, see “— Description of Certain Combined Statements of Financial Position Items — Properties under Development” above. We have made continuous efforts to improve our financial performance and profitability as a result of the adoption of our “1+1+X” business strategy.

FINANCIAL INFORMATION

Return on Total Assets

Our return on total assets increased from 0.4% for 2018 to 2.5% for 2019, primarily due to a significant increase in our profit from 2018 to 2019. Our return on total assets decreased from 2.5% for 2019 to 1.3% on an annualized basis for the four months ended April 30, 2020, primarily due to a decrease in annualized profit and an increase in total assets such as property under development.

Return on Equity

Our return on equity increased from 16.6% for 2018 to 50.1% for 2019, primarily due to a significant increase in profit from 2018 to 2019. Our return on equity decreased from 50.1% for 2019 to 40.3% on an annualized basis for the four months ended April 30, 2020, primarily due to a decrease in annualized profit.

Financial Ratios under the Proposed PBOC Standard

Recently, news articles on the PBOC's plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers began to emerge. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The proposed standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for those property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

In August 2020, according to certain news articles, a forum was held among the MOHURD, the PBOC and certain property developers to discuss long-term mechanisms for the real estate sector in China, which indicated that relevant regulations and policies governing the external financing of property developers in China have been formed. However, as of the Latest Practicable Date, there were no official announcements regarding new regulations or rules after the forum was held. As such, the above-mentioned standard proposed by the PBOC has not come into effect. We will continue to monitor the relevant regulatory updates to ensure our compliance in this regard. As of April 30, 2020, our pro forma liability asset ratio, calculated as total liabilities less contract liabilities divided by total assets less contract liabilities, was 90%; net gearing ratio, calculated as total interest-bearing liabilities less cash and bank balances divided by total equity, was 426%; and cash to short-term borrowing ratio, calculated

FINANCIAL INFORMATION

as cash and bank balances divided by short-term interest bearing liabilities, was 0.5. As such, in the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and would be required to ensure the size of our interest-bearing debts no longer increases.

Because our loans are on a revolving basis, we can incur new borrowings after repayment of old ones without increasing the size of the aggregate interest-bearing liabilities, and as a result we believe would not be prohibited from obtaining additional financing. In addition, the three limits would not affect the use of proceeds from this Global Offering. The three limits would also not affect our ability to carry out our existing property development constructions, conduct property sales and generate cash from property sales. However, if the PBOC standard as reported in certain news articles were to become effective, and we were to be prohibited from increasing the aggregate size of interest-bearing liabilities, we may not be able to draw down on credit facilities before we repay existing debts, and may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects. Based on the above, we expect that the PBOC standard as reported in certain news articles would hinder our business growth only if (i) such standard were to become effective on us; and (ii) our above-mentioned financial ratios remain beyond the acceptable PBOC standard as reported in the news articles in the future.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risks. We manage our interest costs using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables were held constant, our profit before tax, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB3.2 million, RMB5.3 million, RMB5.2 million and RMB1.4 million in 2017, 2018 and 2019 and the four months ended April 30, 2020, respectively.

Credit Risk

We divide financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, we have policies in place to ensure that we only offer credit terms to counterparties with an

FINANCIAL INFORMATION

appropriate credit history. We also perform ongoing credit evaluations on counterparties. The credit period granted to the customers is generally six months and we assess the credit quality of these customers by referring to their financial position, past experience and other factors. We also have other monitoring procedures to ensure we take follow-up actions to recover overdue receivables. In addition, we regularly review the recoverable amount of trade receivables to ensure we make adequate impairment loss provisions for irrecoverable amounts. We have no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

We make periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related parties, as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of financial assets included in prepayments, deposits and other receivables and amounts due from related parties.

For quantitative analysis of our credit risk exposure, see note 43(b) to the Accountants' Report included in Appendix I to this Prospectus.

Liquidity Risk

We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet our operation needs and commitments in respect of property projects. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the property projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management measures whereby we maintain flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing, and prepare 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 to 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 believe these measures will facilitate our compliance with the liquidity management requirements and ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

Significant Related Party Transactions

During the Track Record Period, we carried out transactions with related parties as set forth in note 40 to the Accountants' Report included in Appendix I to this Prospectus.

During the Track Record Period, our related parties may generally be classified as follows: (i) our joint ventures and associates; (ii) entities controlled by our Controlling Shareholders; (iii) our key management personnel; and (iv) our Controlling Shareholder or family members of our Controlling Shareholder. See note 40 to the Accountants' Report included in Appendix I to the Prospectus for details on the identities of our key management personnel and family members of our Controlling Shareholder.

The trade amounts due to related parties are in connection with construction services and management consulting services provided by related parties. The trade amount due from related parties are in connection with management consulting services and property leasing to related parties.

FINANCIAL INFORMATION

The following table sets forth the trade and non-trade outstanding balance of related party transactions as of the dates indicated, as well as the amount of settlement as of June 30, 2020.

	As of December 31,			As of	Settled
	2017	2018	2019	April 30,	as of
			(RMB'000)	2020	June 30,
					2020 ⁽¹⁾
Due from related parties:					
Trade-related:					
Joint ventures	5,726	52,740	41,578	41,617	1,734
Associates.....	5,576	—	—	—	—
Company controlled by the Controlling Shareholder	13,289	14,437	253,889	29,160	4,604
A family member of the Controlling Shareholder	10	10	9,373	19	—
Key management personnel.....	10	—	—	—	—
Subtotal	24,611	67,187	304,840	70,796	6,338
Due from related parties:					
Non-trade-related:					
Joint ventures	2,035,456	2,994,541	2,600,148	2,529,656	467,492
Associates.....	301,810	189,851	302,234	345,612	28,757
Companies controlled by the Controlling Shareholder	113,428	226,872	1,505,508	1,018,148	1,018,148
A company controlled by a family member of the Controlling Shareholder	—	579,759	777,418	150,729	49,531
A family member of the Controlling Shareholder	18,803	93,427	70,701	63,461	5
Key management personnel.....	10,000	10,000	—	—	—
Subtotal	2,479,497	4,094,450	5,256,009	4,107,606	1,563,933
Total	2,504,108	4,161,637	5,560,849	4,178,402	1,570,271
Due to related parties:					
Trade-related:					
Associates.....	—	—	9,805	—	—
Companies controlled by the Controlling Shareholder	1,271,677	3,329,741	4,458,991	3,345,071	1,209,026
Companies controlled by family members of the Controlling Shareholder	30,247	95,467	495,830	352,784	149,899
A family member of the Controlling Shareholder	4,070	440	—	144	—
Key management personnel.....	—	—	812	100	—
Subtotal	1,305,994	3,425,648	4,965,438	3,698,099	1,358,925

FINANCIAL INFORMATION

	As of December 31,			As of	Settled
	2017	2018	2019	April 30,	as of
			(RMB'000)	2020	June 30,
					2020 ⁽¹⁾
Due to related parties:					
Non-trade-related:					
Joint ventures	11,000	174,077	371,493	486,204	–
Associates.....	41,120	215,846	371,495	404,249	27,250
Companies controlled by the Controlling Shareholder	2,988,004	2,085,475	68,270	134,176	2,876
Companies controlled by a family member of the Controlling Shareholder	–	–	139,200	–	–
Controlling Shareholder	12,183	6,183	6,183	6,177	–
A family member of the Controlling Shareholder	133,542	1,914	34,242	36,023	–
Key management personnel.....	–	–	–	51,000	51,000
Subtotal	3,185,849	2,483,495	990,883	1,117,829	81,126
Total	4,491,843	5,909,143	5,956,321	4,815,928	1,440,051

Note:

(1) Represent the amount as of April 30, 2020 that had been settled as of June 30, 2020.

As of April 30, 2020, non-trade amounts due from joint ventures and associates amounted to RMB2,875.3 million, and non-trade amounts due to joint ventures and associates amounted to RMB890.5 million. These non-trade amounts due to or from the 17 joint ventures and associates included in the following table will not be fully settled prior to the Listing. The following table sets forth our percentage of interests in the joint ventures and associates which we had outstanding non-trade amounts due from related parties, as well as to which we provided guarantees as of April 30, 2020.

Name	Percentage
Dingyuan Yuanbi Property Development Co., Ltd. (定遠縣遠碧房地產開發有限公司)	49%
Zhuji Xiyuan Cultural Tourism Investment Co., Ltd. (諸暨溪園文旅小鎮投資有限公司)	30%
Huzhou Wuxing Jiaotou Shinsun Property Development Co., Ltd. (湖州吳興交投祥生置業有限公司)	50%
Yangzhou Shinsun Keyu Property Development Co., Ltd. (揚州祥生可宇置業有限公司)	61%
Ningbo Shinsun Hongyuan Property Development Co., Ltd. (寧波祥生弘遠房地產開發有限公司)	49%
Zhuji Shinsun Hongrui Property Development Co., Ltd. (諸暨祥生弘瑞置業有限公司)	51%
Zhuji Wanxiang Property Development Co., Ltd. (諸暨市萬祥房地產開發有限公司)	35%
Zhuji Shinsun Xiangjun Property Development Co., Ltd. (諸暨祥生祥駿置業有限公司)	31%

FINANCIAL INFORMATION

Name	Percentage
Taixing Xiangsheng Property Development Co., Ltd. (泰興祥生置業有限公司)	20%
Tianshui Xinbi Property Development Co., Ltd. (天長市新碧房地產開發有限公司)	49%
Rudong Xinbi Property Development Co., Ltd. (如東新碧房地產開發有限公司)	49%
Nanjing Yihui Property Development Co., Ltd. (南京市頤輝置業有限公司)	30%
Jiaxing Nanhu Jiaotou Shinsun Property Development Co., Ltd. (嘉興市南湖區交投祥生房地產開發有限公司)	50%
Hangzhou Renxiang Property Development Co., Ltd. (杭州仁祥房地產開發有限公司)	29%
Hangzhou Shinsun Yijing Property Development Co., Ltd. (杭州祥生宜景房地產開發有限公司)	40%
Jiaxing Xiuzhou Jiaotou Shinsun Property Development Co., Ltd. (嘉興市秀洲區交投祥生房地產開發有限公司)	50%
Anqing Jinshixiang Property Development Co., Ltd. (安慶金世祥房地產開發有限公司)	33%

Our amounts due to and from related parties primarily represent cash advances to and from related parties. During the Track Record Period, advances to and from related parties are primarily non-trade cash advances we made to or received from related parties in relation to business operations. From time to time in our ordinary course of business, we advance funds to joint ventures and associates to satisfy their capital needs, and joint ventures and associates advance funds to us to satisfy our capital needs. We also received advances from other related parties such as companies controlled by the Controlling Shareholder, companies controlled by a key management personnel, the Controlling Shareholder, and a family member of the Controlling Shareholder, as well as made advances to companies controlled by the Controlling Shareholder, companies controlled by a family member of the Controlling Shareholder, a family member of the Controlling Shareholder, and key management personnel. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we recorded non-trade amounts due from related parties of RMB2,479.5 million, RMB4,094.5 million, RMB5,256.0 million and RMB4,107.6 million, respectively, and recorded non-trade amounts due to related parties of RMB3,185.8 million, RMB2,483.5 million, RMB990.9 million and RMB1,117.8 million, respectively. We do not intend to settle all non-trade amounts due from or due to joint ventures and associates prior to the Listing, and expect such advances to be recurring in the future during our ordinary course of business. In our ordinary course of business, we co-develop properties by establishing joint ventures and associates with third-party property developers. In accordance with the relevant agreements between us and such third-party property developers, we and our joint venture/associate partners provide funding to such joint ventures and associates to meet their capital needs to pay for land costs, cost of property development and sales. We believe this is consistent with market practice. In accordance with our joint venture agreement and associate agreement, we and our joint venture or associate partners provided these funds in proportion to the equity interests held, and these amounts due from or to joint venture and associates will be settled from time to time, depending on the progress of construction, development and the pre-sale or sale of the jointly-developed projects, until the final settlement and distribution of the jointly-developed projects.

FINANCIAL INFORMATION

Among non-trade amounts due from joint ventures and associates, RMB3,184.4 million and RMB2,902.4 million as of December 31, 2018 and 2019, respectively, were interest-bearing loans advanced by us to such joint ventures and their subsidiaries. We had ceased to charge interest on advances made to related parties as of December 31, 2019. In 2018 and 2019, finance income received from such loans were RMB36.5 million and RMB65.2 million, respectively. Our PRC Legal Advisors are of the views that the interest-bearing loans advanced by us to joint ventures and associates may not be in compliance with the General Lending Provisions (《貸款通則》). According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interest charged) from loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), or the Provisions, that became effective on September 1, 2015, and amended on August 20, 2020, lending contracts among companies are valid if they are made for the purposes of supporting production or business operations. PRC courts will also support a company's claim for agreed interest rate not more than four times of loan prime rate, or the LPR, at the time of conclusion of the contract. Pursuant to the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on August 25, 2015, the Provisions shall apply to loans entered into prior to the implementation of the Provisions that are invalid under the former judicial interpretations but valid under the Provisions. Pursuant to the Provisions, private lending contracts concluded between legal persons or other organizations are effective and valid under PRC law except where the contracts for the lending (i) are void under the PRC Contract Law or (ii) fall within the scope of void lending contracts as particularly provided in the Provision. According to the amendment of Provisions in 2020, if the borrowing or lending occurs before August 20, 2019, the upper limit of protected interest rate may be determined as four times of LPR at the time when the plaintiff files the lawsuit.

FINANCIAL INFORMATION

Outstanding non-trade advances due to or from companies controlled by the Controlling Shareholder, the Controlling Shareholder and a family member of the Controlling Shareholder amounted to RMB176.4 million and RMB1,081.6 million, respectively, as of April 30, 2020. The following table sets forth the amount of outstanding non-trade advances due to or from various related parties which will be fully settled before the Listing.

	As of December 31,			As of
	2017	2018	2019	April 30,
	RMB'000			2020
Non-trade advances due to				
Companies controlled by the				
Controlling Shareholder.....	2,988,004	2,085,475	68,270	134,176
Companies controlled by a				
family member of the				
Controlling Shareholder.....	–	–	139,200	–
Controlling Shareholder	12,183	6,183	6,183	6,177
A family member of the				
Controlling Shareholder.....	133,542	1,914	34,242	36,023
Key management personnel....	–	–	–	51,000
Total	3,133,729	2,093,572	247,895	227,376
Non-trade advances due from				
Companies controlled by the				
Controlling Shareholder.....	113,428	226,872	1,505,508	1,018,148
A company controlled by a				
family member of the				
Controlling Shareholder.....	–	579,759	777,418	150,729
A family member of the				
Controlling Shareholder.....	18,803	93,427	70,701	63,461
Key management personnel....	10,000	10,000	–	–
Total	142,231	910,058	2,353,627	1,232,338

During the Track Record Period, and to the best knowledge of our Directors, up to the Latest Practicable Date, we made advances to joint ventures and associates, companies controlled by the Controlling Shareholder, a company controlled by a family member of the Controlling Shareholder, a family member of the Controlling Shareholder, and key management personnel using internally generated cash reserve. The sources of “internally generated cash reserve” primarily include cash generated from property projects after these projects obtain the completion certificates when the related cash becomes unrestricted under the relevant pre-sale laws and regulations.

FINANCIAL INFORMATION

During the Track Record Period, we also received advances from other related parties such as companies controlled by the Controlling Shareholder, companies controlled by a key management personnel, the Controlling Shareholder, and a family member of the Controlling Shareholder, as well as made advances to companies controlled by the Controlling Shareholder, companies controlled by a family member of the Controlling Shareholder, a family member of the Controlling Shareholder, and key management personnel. As confirmed by our PRC Legal Advisors, all such advances were in compliance with the relevant PRC laws and regulations except the General Lending Provisions (《貸款通則》). However, taking into account the fact that there was no income generated from such advances, the possibility that the PBOC would impose a fine or penalties with respect to the advances pursuant to the General Lending Provisions is low. See “— Related Party Transactions.”

As of the Latest Practicable Date, we had not received any notice of claim or penalty relating to the cash advances. We are advised by our PRC Legal Advisors that the possibility that the PBOC would impose a fine amounting to one to five times of the interest income of such cash advances on companies in respect of the lending from our related parties pursuant to the Provisions is low.

We also provide guarantees to joint ventures and companies controlled by the Controlling Shareholder. As of December 31, 2017, 2018 and 2019 and April 30, 2020, the amount of guarantees provided to related parties was RMB27.5 million, RMB736.7 million, RMB3,756.5 million and RMB3,159.5 million, respectively, among which nil, RMB709.3 million, RMB3,604.0 million and RMB2,711.6 million was provided to joint ventures. As of December 31, 2017, 2018 and 2019 and April 30, 2020, the amount of guarantees provided by related parties was RMB31,093.1 million, RMB31,091.1 million, RMB29,694.8 million and RMB26,359.2 million, respectively, which were provided by the Controlling Shareholder, a family member of the Controlling Shareholder or companies controlled by the Controlling Shareholder. All guarantees provided to companies controlled by the Controlling Shareholders and all guarantees provided by the Controlling Shareholder, a family member of the Controlling Shareholder and companies controlled by the Controlling Shareholder will also be fully released before the Listing.

Our Directors have confirmed that all business transactions with related parties were conducted on normal commercial terms and on arm's length basis and did not have a material impact on our results of operations during the Track Record Period. For further details, see note 40 to the Accountants' Report included in Appendix I to this Prospectus.

FINANCIAL INFORMATION

DIVIDEND AND DISTRIBUTABLE RESERVES

Our Company did not declare or pay any dividends during the Track Record Period. Declaration and payment dividends, if any, will be at the sole discretion of our Board of Directors and will also depend on various factors that our Board of Directors deem relevant, such as our results of operations, working capital, financial position, future prospects and capital requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and the relevant laws. We currently do not have any dividend policy or any pre-determined dividend ratio.

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.

As of April 30, 2020, the distributable reserves of our Group amounted to RMB1,986.0 million.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

SUBSEQUENT EVENT

On May 20, 2020, Xiang Sheng Holding Limited issued US\$97.0 million principal amount of 12.5% senior notes due 2022. On July 31, 2020, Xiang Sheng Overseas Limited issued US\$200.0 million principal amount of 11.0% senior notes due 2021. For details, see “Financial Information — Indebtedness — Senior Notes.”

COVID-19, which was identified in early January 2020, has spread globally. We expect the COVID-19 pandemic to have limited adverse impact on our operations. We expect to experience an approximately one- to three-month delay in property delivery for two projects under development, which are located in Hubei Province, and an approximately one- to two-month delay in property delivery for 11 projects outside Hubei Province as a result of the COVID-19 pandemic. The property development and sales activities have gradually resumed as the COVID-19 pandemic had been largely contained in the PRC since late March 2020. Most of our commercial properties temporarily suspended operations pursuant to local governments’ regulations and measures to combat the COVID-19 pandemic. We implemented rent exemption measures for most of our commercial properties during such operation suspension period.

FINANCIAL INFORMATION

Save as disclosed above, there is no material subsequent event undertaken by our Group after April 30, 2020, being the date on which our last audited combined financial statements were prepared, up to the date of this Prospectus.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB158.0 million (representing 5.5% of gross proceeds from the Global Offering, based on the midpoint of the indicative Offer Price range) of which (i) approximately RMB12.5 million was charged to our administrative expenses for the four months ended April 30, 2020; (ii) approximately RMB32.3 million will be charged to our combined statement of profit or loss and other comprehensive income for the eight months ending December 31, 2020; and (iii) approximately RMB113.2 million is expected to be accounted for as a deduction from equity upon Listing. The professional fees and/or other expenses related to the preparation of the Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect such listing expenses to have a material adverse impact on our financial performance for the year ending December 31, 2020.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this Prospectus, save as disclosed herein, there has been no material adverse change in our financial or trading position since April 30, 2020 (being the date to which our Company's latest combined audited financial results were prepared), and there has been no events since April 30, 2020, which would materially affect the information shown in the Accountants' Report included in Appendix I to this Prospectus.

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer valued our properties based on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

In the valuation of property interests by using comparison method, JLL has identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject properties such as nature, use, size, layout, accessibility, environmental quality of the properties. The selected comparables are basically located in the area close to the subject properties or within the same development. Appropriate adjustments and analysis are considered with regard to the differences in location, size and other characters between the comparable properties and the subject properties to arrive at an assumed unit rate for the subject properties.

FINANCIAL INFORMATION

In the valuation of property interests by using income approach, JLL has taken into account the rental income of the subject properties derived from their existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value of the subject properties at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In the valuation of property interests which are construction in progress, JLL has assumed that they will be developed and completed in accordance with the latest development proposals provided by us. In arriving at its opinion of values, JLL has adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. JLL has relied on the accrued construction cost and professional fees information provided by our Group according to the different stages of construction of the properties as of the valuation date, and did not find any material inconsistency from those of other similar developments.

JLL has valued our property interests as of July 31, 2020 and is of the opinion that the aggregate value of the property in which we had an interest as of such date was RMB135,183.0 million. The full text of the letter and summary disclosure of property valuation with regard to our property interests are set out in “Appendix III — Property Valuation Report” to this Prospectus.

The following statement shows the reconciliation of aggregate amounts of certain properties reflected in the audited combined financial information as of April 30, 2020 as disclosed in the Accountants’ Report included in Appendix I to this Document, with the valuation of these properties as of July 31, 2020 disclosed in “Appendix III — Property Valuation Report” to this Document.

	<u>RMB’000</u>
Net book value of the following properties as of April 30, 2020	
— Properties under development.....	98,795,266
— Completed properties held for sale	3,919,951
— Investment properties	2,014,784
— Progress prepayment for acquisition of land use right	3,680,724
Addition:	11,545,209
Less: sales of completed properties held for sale.....	(12,429,652)
Net book value of the properties as of July 31, 2020	107,526,282
Net valuation surplus.....	27,656,718
Market value of properties as of July 31, 2020 as set out in the Property Valuation Report in Appendix III to this Prospectus	135,183,000

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect on the audited net tangible assets of our Group as of April 30, 2020 as if the Global Offering had occurred on April 30, 2020 and is based on the combined net assets derived from the audited financial information of our Group as of April 30, 2020, as set out in the Accountants' Report included in Appendix I to this Prospectus and adjusted as follows.

	Combined Net Tangible Assets of Our Group as of April 30, 2020 ⁽¹⁾	Estimated Net Proceeds from the Global Offering ⁽²⁾	Unaudited Pro Forma Adjusted Net Tangible Assets of Our Group ⁽³⁾	Unaudited Pro Forma Adjusted Net Tangible Assets per Share ⁽⁴⁾⁽⁵⁾	
		(RMB'000)		RMB	HK\$
Based on an Offer Price of					
HK\$4.80 per Share.....	4,317,537	2,343,248	6,660,785	2.22	2.57
Based on an Offer Price of					
HK\$6.20 per Share.....	4,317,537	3,043,234	7,360,771	2.45	2.84

Notes:

- (1) The combined net tangible assets attributable to owners of our Company as of April 30, 2020 is extracted from the Accountants' Report, which is based on the audited combined equity attributable to owners of our Company as of April 30, 2020 of approximately RMB4,329.5 million less our Group's intangible assets as of April 30, 2020 of approximately RMB12.0 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$4.80 per Share and HK\$6.20 per Share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by our Group Company and does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital." The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8636.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 3,000,000,000 Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, after taking into account the subdivision of each ordinary share in the issued and unissued share capital of the Company into 100 ordinary shares on May 11, 2020, without taking into account shares that may be issued upon the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8636.

FINANCIAL INFORMATION

- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company does not take into account the following considerations for group re-organization after April 30, 2020:

- (i) a consideration of approximately RMB2.5 billion paid to Zhuji Xiangshen Industrial Co., Ltd. to acquire 38.8% equity interests in Zhuji Zhuojie Business Management Co., Ltd. on May 11, 2020;
- (ii) a consideration of USD200 million to be received for the allotment of 890 shares issued on May 20, 2020 to Shinlight Limited, and such consideration was settled by it using funds from Hong Yuan, which was obtained from the proceeds from the issuance of U.S. denominated bonds by an offshore entity within our Group. Hong Yuan subsequently repaid such financing partially using the fund in the amount of approximately US\$132.7 million which Hong Yuan received from the acquisition of equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) and Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司) as part of the Reorganization.

Had the two considerations been taken into account, the unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company per share would be HK\$2.15 or RMB1.86 per share (based on the Offer Price of HK\$4.80 per Offer Share) or HK\$2.42 or RMB2.09 per share (based on the Offer Price of HK\$6.20 per Offer Share).

- (6) No adjustment has been made to reflect any trading result or open transaction of our Group entered into subsequent to April 30, 2020.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

See “Business — Our Business Strategies” of this Prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets for the estimate of the net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

	Assuming the Over- allotment Option is not exercised	Assuming the Over- allotment Option is exercised in full
Assuming an Offer Price of HK\$5.50 per Share (being the mid-point of the Offer Price range stated in this Prospectus)	Approximately HK\$3,117.0 million	Approximately HK\$3,594.6 million
Assuming an Offer Price of HK\$6.20 per Share (being the high end of the Offer Price range stated in this Prospectus)	Approximately HK\$3,522.3 million	Approximately HK\$4,060.7 million
Assuming an Offer Price of HK\$4.80 per Share (being the low end of the Offer Price range stated in this Prospectus)	Approximately HK\$2,711.7 million	Approximately HK\$3,128.6 million

We estimate that we will receive net proceeds of approximately HK\$3,117.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme and assuming an Offer Price of HK\$5.50 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60%, or approximately HK\$1,870.2 million, will be used to finance the construction of our existing projects, including the construction costs of property development projects, among which, (i) approximately 15%, or approximately HK\$467.6 million, will be used for construction and development of Hangzhou Shinsun Jiangshanyun Yuenan Mansion (杭州祥生江山雲樾南府) in the second half of 2020. We have received the land use right certificate, construction land planning permit, construction work planning permit, construction work commencement permit, and pre-sale permit for this project. We do not anticipate any obstacles in obtaining all necessary regulatory and government permits for the development of this project; (ii) approximately 15%, or approximately HK\$467.6 million, will be used for construction and development of Hangzhou Shinsun Jiangshanyun Yuebei Mansion (杭州祥生江山雲樾北府) in the second half of 2020. We have paid the

FUTURE PLANS AND USE OF PROCEEDS

considerations pursuant to the land grant contract and have received the land use right certificate, obtained construction land planning permit, construction work planning permit and construction work commencement permit for this project. We obtained the land use right certificate in July 2020. We do not anticipate any obstacles in obtaining all necessary regulatory and government permits for the development of this project; (iii) approximately 15%, or approximately HK\$467.5 million, will be used for construction and development of Hangzhou Shinsun Guangheying Apartment (杭州祥生光合映公寓). We have obtained the land use right certificate, construction land planning permit, construction work planning permit, construction work commencement permit and pre-sale permit. We have obtained all necessary regulatory and government permits for the development of this project; and (iv) approximately 15%, or approximately HK\$467.5 millions will be used for construction and development of Hangzhou Shinsun Xingheying Apartment (杭州祥生星合映公寓). We have obtained the land use right certificate, construction land planning permit, construction work planning permit and construction work commencement permit. We do not anticipate any obstacles in obtaining all necessary regulatory and government permits for the development of this project. See “Business — Our Property Development Business — Our Property Projects” for more details on the timetable for each of these projects;

Besides the IPO proceeds, funding sources for our projects under development include (i) operating cash inflow from pre-sales and sales of properties; (ii) bank and other borrowings; and (iii) issuance of senior notes and other debt instruments. Apart from these above-mentioned projects, we do not expect to use the IPO proceeds to finance the development of our projects under development or held for development as of July 31, 2020.

We allocate the Listing proceeds based on the current status of the projects, estimated completion time, and the timetable of major project expenditure. The following table sets forth the implementation timetable for each use of IPO proceeds for property development.

Project name	Current status	Estimated time of completion of construction	Estimated use of Listing proceeds (HK\$ million)	Timetable (HK\$ million)
Hangzhou Shinsun	Under construction	July 30, 2023	467.6	Fourth quarter of 2020
Jiangshanyun Yuenan				First quarter of 2021
Mansion (杭州祥生江山雲樾)				Second quarter of 2021
南府)				Third quarter of 2021
				119.3
				134.2
				149.2
				64.9

FUTURE PLANS AND USE OF PROCEEDS

Project name	Current status	Estimated time of completion of construction	Estimated use of Listing proceeds (HK\$ million)	Timetable (HK\$ million)	
Hangzhou Shinsun Jiangshanyun Yuebei Mansion (杭州祥生江山雲樾 北府)	Under construction	July 15, 2023	467.6	Fourth quarter of 2020 First quarter of 2021 Second quarter of 2021 Third quarter of 2021	119.3 119.3 111.9 117.1
Hangzhou Shinsun Guangheyang Apartment (杭州祥生光合映公寓)	Under pre-sales	January 15, 2023	467.5	Fourth quarter of 2020 First quarter of 2021 Second quarter of 2021 Third quarter of 2021	149.2 134.2 111.9 72.2
Hangzhou Shinsun Xingheyang Apartment (杭州祥生星合映 公寓)	Under construction	April 15, 2023	467.5	Fourth quarter of 2020 First quarter of 2021 Second quarter of 2021 Third quarter of 2021	149.2 134.2 119.3 64.8

- approximately 30%, or approximately HK\$935.1 million, will be used to repay a portion of our existing trust loans which are used for our project development purposes, comprising (i) the outstanding balance of RMB300.0 million of a trust loan due March 4, 2021 with an interest rate of 9.50% per annum from Wanxiang Trust Co., Ltd.; (ii) the outstanding balance of RMB300.0 million of a trust loan due March 26, 2021 with an interest rate of 14.50% per annum from Shanghai Aijian Trust Company Limited; and (iii) the outstanding balance of RMB1,050.0 million of a trust loan due December 4, 2020 with an interest rate of 12.00% per annum from Zhongrong International Trust Co., Ltd. The source of funding for the remaining unsettled balance of trust loans will primarily originate from operating cash flow from our property development and sale business, as well as debt financing which may incur from time to time; and
- approximately 10%, or approximately HK\$311.7 million, will be used for general business operations and working capital.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be approximately HK\$477.6 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK\$5.50 per Share, being the mid-point of the indicative Offer Price range. We intend to apply such additional net proceeds to the purposes stated above in the same proportions.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is determined at HK\$6.20 per Offer Share, being the high end of the indicative Offer Price range stated in this Prospectus, and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$405.3 million. If the Offer Price is fixed at HK\$4.80 per Offer Share, being the low end of the indicative Offer Price range stated in this Prospectus, and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$405.3 million. If the Offer Price is set above the mid-point of the indicative Offer Price range, we intend to apply the additional amounts to the purposes stated above in the same proportions. If the Offer Price is set below the mid-point of the indicative Offer Price range, we intend to reduce the allocation of the net proceeds to the purposes stated above on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to deposit the proceeds into short-term demand deposits with licensed financial institutions only. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

UNDERWRITING

HONG KONG UNDERWRITERS

CCB International Capital Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
CLSA Limited
CMB International Capital Limited
CRIC Securities Company Limited
Emperio Securities And Assets Management Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
Shenwan Hongyuan Securities (H.K.) Limited
Valuable Capital Limited
Yue Xiu Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Ltd.
HTF Securities Limited
Soochow Securities International Brokerage Limited
Head & Shoulders Securities Limited
I Win Securities Limited

UNDERWRITING

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.

The Global Offering comprises the Hong Kong Public Offering of initially 60,000,000 Hong Kong Offer Shares and the International Offering of initially 540,000,000 International Offer Shares, subject, in each case, to adjustment on the basis as described in the section headed “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING AGREEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 60,000,000 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

UNDERWRITING

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in the Shares; (ii) the International Underwriting Agreement having been signed and becoming unconditional; and (iii) certain other conditions set forth in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally and not jointly agreed to apply or procure applications, on the terms and conditions of this Prospectus and the related Application Forms, for their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors shall be entitled by notice (in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (i) there develops, occurs, exists or comes into effect:
 - (a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large-scale outbreaks of diseases (excluding such epidemic, pandemic and large-scale outbreaks of diseases subsisting as of the date of the Hong Kong Underwriting Agreement which have not materially escalated thereafter), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdiction; or
 - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, (A) securities generally on the Stock Exchange, the

UNDERWRITING

New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

- (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority) or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent Authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdiction; or
- (f) the imposition of economic sanctions on our Company in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdiction; or
- (g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the United States dollar, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdiction; or
- (h) save as disclosed in this Prospectus, any material proceedings of any third party being threatened or instigated against any member of our Group; or
- (i) an executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (j) the chairman or chief executive officer of our Company vacating his office; or
- (k) an authority or a political body or organization in any of the Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, or any executive Director; or
- (l) a contravention by any member of our Group of the Listing Rules or applicable laws in any material respect; or

UNDERWRITING

- (m) a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Shares to be issued by our Company pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (n) non-compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (o) except as otherwise agreed by the Joint Representatives (for themselves and on behalf of the other Hong Kong Underwriters), the issue or requirement to issue by our Company of any supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (p) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;
- (q) any change, development or event involving a prospective change, or a materialization, of any of the risks set forth in “Risk Factors” of this Prospectus; or
- (r) an order or petition is presented for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives and the Joint Sponsors:

- (A) has or will have or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
- (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

UNDERWRITING

- (C) makes or will make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering; or
 - (D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting agreements thereof;
- (ii) there has come to the notice of the Joint Representatives and the Joint Sponsors:
- (a) that any statement contained in any of this Prospectus, the Application Forms and the formal notice and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from any of this Prospectus, the Application Forms and the formal notice (including any supplement or amendment thereto); or
 - (c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
 - (d) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the Hong Kong Underwriting Agreement; or
 - (e) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

UNDERWRITING

- (f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties under the Hong Kong Underwriting Agreement; or
- (g) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) our Company has withdrawn this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (i) any expert (other than the Joint Sponsors), whose consent is required for the issue of this Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent to the issue of any of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (j) a material portion of the orders in the bookbuilding process have been withdrawn, terminated or cancelled; or
- (k) the Stock Borrowing Agreement is not duly authorized, executed and delivered or it is terminated (except in the event that there is no over-allocation in the International Offering).

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Company

In accordance with Rule 10.08 of the Listing Rule, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities of the Company will be completed within six months from the Listing Date) except pursuant to the Capitalization Issue, the Global Offering, the exercise of the Over-allotment Option, the options which may be granted under the Share Option Scheme and/or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

UNDERWRITING

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and to the Stock Exchange that, except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option and the options which, may be granted under the Share Option Scheme, it/he will not and will procure that the registered holder(s) of the Shares will not:

- (i) in the period commencing on the date of this Prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of the Company directly or indirectly beneficially owned by it/him; and
- (ii) in the period of six months commencing on the date, on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of, any of the Shares or securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would then cease to be a controlling shareholder of our Company.

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to our Company and to the Stock Exchange that within the period commencing on the date of the Prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

- (i) when it/he pledges or charges any Shares or securities of our Company beneficially owned by it/him in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), immediately inform our Company of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (ii) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above and disclose such matters by way of an announcement in accordance with Rule 2.07c of the Listing Rules as soon as possible.

UNDERWRITING

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertakings by our Company

Except pursuant to the Capitalization Issue, the Global Offering (including the issue of Shares pursuant to the exercise of the Over-Allotment Option and the Share Option Scheme) or otherwise permitted under the Listing Rules, our Company has undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the other Hong Kong Underwriters) that, 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**”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i) or (ii) or (iii) above,

in each case, whether any of the transactions specified in sub-paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other share or securities will be completed within the First Six-Month Period). In the event that, at any time during the period of six months

UNDERWRITING

commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company shall not enter into any of the transactions specified in sub-paragraph (i) or (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company.

During the Second Six-Month Period, in the event that our Company enters into any of the transactions specified in sub-paragraph (i) or (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Our Controlling Shareholders jointly and severally undertake to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings in this sub-section.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders undertakes to each of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Capitalization Issue, the Global Offering (including the issue of Shares pursuant to the exercise of the Over-Allotment Option and the Share Option Scheme) and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) he/it will not, at any time during the First Six-Month Period, (i) directly or indirectly, sell, offer to sell, contract or agree to sell, mortgage, charge, pledge (other than any pledge or charge of the issued share capital of our Company after consummation of the Global Offering in favor of an authorized institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in compliance with Note (2) to Rule 10.07(2) of the Listing Rules), hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of our Company or any interest therein (including any securities

UNDERWRITING

convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i) or (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or other equity securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other equity securities will be completed within the First Six-Month Period);

- (b) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraph (a)(i) or (a)(ii) or (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in sub-paragraph (a)(i) or (a)(ii) or (a)(iii) or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company, provided that, subject to strict compliance with any requirements of applicable laws (including and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing in this sub-section shall prevent any of our Controlling Shareholders from using Shares or other securities of our Company beneficially owned by him/it as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)).

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with the Joint Sponsors, the Joint Representatives and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering.

UNDERWRITING

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time within 30 days from the last date for lodging applications under the Hong Kong Public Offering, to require the Company to issue the up to a total of 90,000,000 Shares, representing 15.0% of the number of Offer Shares initially available under the Global Offering in aggregate, at the Offer Price, to cover over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Our Company has agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters will receive an underwriting commission per Offer Share of 2.5% of the Offer Price from our Company (including Offer Shares issued pursuant to the Over-allotment Option). Our Company may pay the Underwriters an incentive fee up to 1.0% of the Offer Price per Offer Share to be awarded at our Company's discretion. For any unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, we will pay the underwriting commission for such Shares to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate amount of sponsor fee payable by our Company to the Joint Sponsors is US\$1 million.

The aggregate underwriting commissions and fees (including the incentive fees and assuming full payment), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, sponsor fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$183 million in aggregate (based on an Offer Price of HK\$5.50 per Share, being the mid-point of the Offer Price range stated in this Prospectus and assuming that the Over-allotment Option is not exercised) and are to be borne by us.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the Underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members", may individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

UNDERWRITING

- (a) under the agreement among the Syndicate Members, all of them (except for the Stabilizing Manager or its designated affiliate as the stabilizing manager) must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, stabilizing or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and
- (b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in 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 accounts of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, 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 the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering — Stabilization” in this Prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares’ share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITING

UNDERWRITERS' INTEREST IN OUR GROUP

Except for the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, none of the Underwriters has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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:

- (i) the Hong Kong Public Offering of 60,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in “— The Hong Kong Public Offering” below; and
- (ii) the International Offering of 540,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S, or other available exemption from the registration requirements of the U.S. Securities Act, as described below in “— the International Offering”.

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters, at any time within 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to a total of 90,000,000 Shares, representing 15% of the number of Offer Shares initially available under the Global Offering in aggregate at the Offer Price to cover over-allocations, if any, in the International Offering.

Investors may either

- (1) apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (2) apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 600,000,000 Offer Shares in the Global Offering will represent approximately 20% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.33% of our enlarged share capital immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in “— The Hong Kong Public Offering — Reallocation” below.

References to applications, Application Forms, application or subscription monies, or procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 60,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 2% of our Company's enlarged share capital immediately after completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below.

Allocation

Allocation of 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 the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools (subject to adjustment at odd lot size): Pool A and Pool B, both of which are available on an equitable basis to successful applicants:

- Pool A: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee); and
- Pool B: the Offer Shares will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee).

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 30,000,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if the Offer Shares under the International Offering are fully subscribed or over-subscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Hong Kong 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. As a result of such reallocation, the total number of Hong Kong Offer Shares will be increased to 180,000,000 Offer Shares (in the case of (i)), 240,000,000 Offer Shares (in the case of (ii)) and 300,000,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), respectively. In each case, 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 in such manner as the Joint Representatives deem appropriate.

If (i) the Offer Shares under the International Offering are fully subscribed or over-subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100%, but less than 15 times, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Representatives (for themselves and on behalf of the Underwriters) Coordinators may, at its discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 120,000,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global

STRUCTURE OF THE GLOBAL OFFERING

Offering, and the final Offer Price shall be fixed at the low end of the Offer Price range (that is, HK\$4.80 per Offer Share) stated in this Prospectus in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

Subject to the above, the Joint Representatives (for themselves and on behalf of the Underwriters) shall have the discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustment of the number of Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Representatives deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$6.20 per Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum price of HK\$6.20 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for Hong Kong Offer Shares.”

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Our Company will be initially offering for subscription under the International Offering 540,000,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering and 18% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other 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 particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

Allocation of Offer Shares pursuant to the International Offering will be determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives on behalf of the International Underwriters at any time during the 30-day period from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to a total of 90,000,000 Shares, representing 15% of the total number of the Offer Shares initially available under the Global Offering in aggregate, at the same price per Offer Share under the International Offering to cover over-allocation in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 2.91% of our issued share capital immediately following the completion of the Global Offering. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for the lodging applications under the Hong Kong Public Offering. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in

STRUCTURE OF THE GLOBAL OFFERING

the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time period for which the Stabilizing Manager will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on Friday, December 11, 2020, being the 30th day after the last day of closing of the Application Lists under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares. Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

Stock Borrowing Arrangement

To facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 90,000,000 Shares, representing 15% of the Offer Shares (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option) from Shinlight Limited, one of our Shareholders, pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and Shinlight Limited. Such stock borrowing arrangement under the Stock Borrowing 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.

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 same number of Offer Shares so borrowed must be returned to Shinlight Limited or its nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option having been issued by our Company. No payment will be made to Shinlight Limited by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Representatives (for themselves and on behalf of the Hong Kong 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 Wednesday, November 11, 2020 (Hong Kong time), and in any event, no later than Friday, November 13, 2020 (Hong Kong time). 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 Offer Price range stated in this Prospectus.

The Offer Price will not be more than HK\$6.20 and is expected to be not less than HK\$4.80, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum offer price of HK\$6.20 per Offer Share, plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$6.20, we will refund the respective difference, including the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. See the section headed “How to Apply for Hong Kong Offer Shares”.

STRUCTURE OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior written consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this Prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such situation, our Company 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, post a notice on the website of the Stock Exchange (www.hkexnews.hk) and our Company’s website (www.shinsunholdings.com) (the contents of the website do not form a part of this Prospectus).

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by us and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters), will be fixed within such revised Offer Price range. 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 and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in the section headed “Summary”, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) will under no circumstances be set outside the Offer Price range stated in this Prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants 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.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price, an indication of the level of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering 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 in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies”.

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among others:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued by us pursuant to the exercise of the Over-allotment Option);
- (ii) the Offer Price being duly determined;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this Prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) on or before Friday, November 13, 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (www.hkexnews.hk) and on our website (www.shinsunholdings.com) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies”. In the meantime, all application monies will be held in 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).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in 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.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, November 18, 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, November 18, 2020.

Our Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares is 2599.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the designated website www.eipo.com.hk of the **White Form eIPO** Service Provider; or
- give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares 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 Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S under the U.S. Securities Act);
- are outside the United States, and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S under the U.S. Securities Act); or
- are not a PRC legal or natural person.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Representatives may accept it at its discretion and on any conditions it thinks 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 the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a director, or chief executive officer of our Company and/or any of its subsidiaries;
- are a close 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 indicated an interest in the International Offering.

Our Company, the Joint Representatives and the designated **White Form eIPO** Service Provider (where applicable) or their respective agents have full discretion to reject or accept any application, in full or in part, without giving any reason.

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 **White Form eIPO** service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Friday, October 30, 2020 until 12:00 noon on Wednesday, November 11, 2020 from:

- (i) any of the following offices of the Joint Representatives:

CCB International Capital Limited

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

ABCI Securities Company Limited

11/F, Agriculture Bank of China Tower
50 Connaught Road Central
Hong Kong

- (ii) any of the designated branches of the following receiving banks:

Bank of China (Hong Kong) Limited

<u>District</u>	<u>Branch name</u>	<u>Address</u>
Hong Kong Island	Bank of China Tower Branch	1 Garden Road, Hong Kong
Kowloon	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong, Kowloon
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin, New Territories
	Kwai Chung Plaza Branch	A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, New Territories

HOW TO APPLY FOR HONG KONG OFFER SHARES

Hang Seng Bank Limited

District	Branch name	Address
Hong Kong Island	Head Office	83 Des Voeux Road, Central, Hong Kong
	Wan Chai Branch	1/F, Allied Kajima Building, 138 Gloucester Road, Hong Kong
Kowloon	Yau Ma Tei Branch	363 Nathan Road, Kowloon

You can collect a **YELLOW** Application Form and a copy of this Prospectus during normal business hours from 9:00 a.m. on Friday, October 30, 2020 until 12:00 noon on Wednesday, November 11, 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — SHINSUN HOLDINGS PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Bank of China (Hong Kong) Limited

- Friday, October 30, 2020 — 9:00 a.m. to 5:00 p.m.
- Saturday, October 31, 2020 — 9:00 a.m. to 1:00 p.m.
- Monday, November 2, 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, November 3, 2020 — 9:00 a.m. to 5:00 p.m.
- Wednesday, November 4, 2020 — 9:00 a.m. to 5:00 p.m.
- Thursday, November 5, 2020 — 9:00 a.m. to 5:00 p.m.
- Friday, November 6, 2020 — 9:00 a.m. to 5:00 p.m.
- Saturday, November 7, 2020 — 9:00 a.m. to 1:00 p.m.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Monday, November 9, 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, November 10, 2020 — 9:00 a.m. to 5:00 p.m.
- Wednesday, November 11, 2020 — 9:00 a.m. to 12:00 noon

Hang Seng Bank Limited

- Friday, October 30, 2020 – 9:00 a.m. to 4:30 p.m.
- Saturday, October 31, 2020 – 9:00 a.m. to 12:00 noon
- Monday, November 2, 2020 – 9:00 a.m. to 4:30 p.m.
- Tuesday, November 3, 2020 – 9:00 a.m. to 4:30 p.m.
- Wednesday, November 4, 2020 – 9:00 a.m. to 4:30 p.m.
- Thursday, November 5, 2020 – 9:00 a.m. to 4:30 p.m.
- Friday, November 6, 2020 – 9:00 a.m. to 4:30 p.m.
- Saturday, November 7, 2020 – 9:00 a.m. to 12:00 noon
- Monday, November 9, 2020 – 9:00 a.m. to 4:30 p.m.
- Tuesday, November 10, 2020 – 9:00 a.m. to 4:30 p.m.
- Wednesday, November 11, 2020 – 9:00 a.m. to 12:00 noon

The Application Lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, November 11, 2020, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Applications Lists” in this section.

The application for the Hong Kong Offer Shares will commence on Friday, October 30, 2020 through Wednesday, November 11, 2020, being longer than normal market practice of four days. The application monies (including the brokerage fee, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving banks on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, November 17, 2020. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, November 18, 2020.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Representatives (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Islands Companies Law and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form(s) and agree to be bound by them;
- (iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;
- (vi) agree that none of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus and the Application Form(s);
- (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; (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) and are not a U.S. person (as defined in Regulation S); and (iii) the purchaser is not an “affiliate” (within the meaning of Regulation S) of our Company or a person acting on the behalf of our Company or an affiliate of the Company;
- (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 our agents to deposit Share certificate(s) into CCASS and to send any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvii) understand that our Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE **WHITE FORM eIPO** SERVICE

General

Individuals who meet the criteria in “— 2. Who can apply” in this section may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the **White Form eIPO** service

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, October 30, 2020 until 11:30 a.m. on Wednesday, November 11, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, November 11, 2020 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **White Form eIPO** service at www.eipo.com.hk, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (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).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Shinsun Holdings (Group) Co., Ltd.” **White Form eIPO** application submitted via www.eipo.com.hk to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Representatives 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 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that our Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;
- agree that none of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for 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, the receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and/or their respective advisors 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, 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 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 Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum number 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 Instructions¹

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, October 30, 2020 — 9:00 a.m. to 8:30 p.m.
- Saturday, October 31, 2020 — 8:00 a.m. to 1:00 p.m.
- Monday, November 2, 2020 — 8:00 a.m. to 8:30 p.m.
- Tuesday, November 3, 2020 — 8:00 a.m. to 8:30 p.m.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Wednesday, November 4, 2020 — 8:00 a.m. to 8:30 p.m.
- Thursday, November 5, 2020 — 8:00 a.m. to 8:30 p.m.
- Friday, November 6, 2020 — 8:00 a.m. to 8:30 p.m.
- Monday, November 9, 2020 — 8:00 a.m. to 8:30 p.m.
- Tuesday, November 10, 2020 — 8:00 a.m. to 8:30 p.m.
- Wednesday, November 11, 2020 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, October 30, 2020 until 12:00 noon on Wednesday, November 11, 2020 (24 hours daily, except on Wednesday, November 11, 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, November 11, 2020, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

¹ The times in this sub-section 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.

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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors 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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, November 11, 2020.

HOW TO APPLY FOR HONG KONG OFFER SHARES

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum number of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to 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, see “Structure of the Global Offering — Pricing and Allocation.”

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, November 11, 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 or Extreme Conditions 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 Wednesday, November 11, 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”, an announcement will be made in such event.

HOW TO APPLY FOR 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, November 17, 2020 on our Company's website at www.shinsunholdings.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below.

- in the announcement to be posted on our Company's website at www.shinsunholdings.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, November 17, 2020;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, November 17, 2020 to 12:00 midnight on Monday, November 23, 2020;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, November 17, 2020, Wednesday, November 18, 2020, Thursday, November 19, 2020 and Friday, November 20, 2020;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, November 17, 2020 to Thursday, November 19, 2020 at all the designated branches of the receiving banks.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG 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 the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the Application Lists; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- 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 Representatives believe that by accepting your application, it/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 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\$6.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, November 17, 2020.

HOW TO APPLY FOR HONG KONG OFFER SHARES

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

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 cheques and Share certificates are expected to be posted on or before Tuesday, November 17, 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 Wednesday, November 18, 2020 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, November 17, 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address 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, November 17, 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 or more Hong Kong Offer Shares, please follow the same instructions as described above for collecting refund cheque(s). 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, November 17, 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, November 17, 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- *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, November 17, 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 White Form eIPO Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, November 17, 2020, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund 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, November 17, 2020, by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) on or before Tuesday, November 17, 2020, by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(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, November 17, 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, November 17, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 17, 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, November 17, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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, November 17, 2020.

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 Listing Date 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 advisors 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 on the financial information of Shinsun Holdings (Group) Co., Ltd., prepared for the purpose of incorporation in this prospectus received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Shinsun Holdings (Group) Co., Ltd.
CCB International Capital Limited
ABCI Capital Limited

Dear Sirs,

We report on the historical financial information of Shinsun Holdings (Group) Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-126, which comprises the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 (the “Relevant Periods”), and the combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020 and the statements of financial position of the Company as at 31 December 2019 and 30 April 2020 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-126 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 October 2020 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020 and the financial position of the Company as at 31 December 2019 and 30 April 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 30 April 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of

presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

30 October 2020

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	6,293,295	14,215,302	35,519,538	3,835,056	8,551,873
Cost of sales		(5,459,461)	(11,216,121)	(27,039,427)	(3,130,783)	(6,783,308)
GROSS PROFIT		833,834	2,999,181	8,480,111	704,273	1,768,565
Finance income		16,892	71,376	151,883	26,223	37,788
Other income and gains	5	131,031	36,789	95,375	63,190	43,487
Selling and distribution expenses		(502,524)	(752,994)	(1,073,899)	(356,507)	(264,031)
Administrative expenses		(521,753)	(1,119,107)	(1,125,445)	(354,543)	(341,578)
Other expenses		(46,152)	(69,630)	(199,371)	(3,376)	(27,651)
Fair value gains on investment properties	15	17,285	13,978	22,406	18,163	854
Finance costs	7	(220,316)	(432,110)	(777,570)	(154,350)	(178,579)
Share of profits and losses of:						
Joint ventures		1,208	(30,492)	(54,644)	(5,195)	42,235
Associates		(1,349)	(30,929)	11,502	(6,689)	(13,154)
(LOSS)/PROFIT BEFORE TAX	6	(291,844)	686,062	5,530,348	(68,811)	1,067,936
Income tax credit/(expense)	10	5,895	(258,122)	(2,321,393)	(46,803)	(467,591)
(LOSS)/PROFIT AFTER TAX FOR THE YEAR/PERIOD		<u>(285,949)</u>	<u>427,940</u>	<u>3,208,955</u>	<u>(115,614)</u>	<u>600,345</u>
Attributable to:						
Owners of the parent		(300,123)	325,047	2,312,283	(131,320)	582,070
Non-controlling interests		14,174	102,893	896,672	15,706	18,275
		<u>(285,949)</u>	<u>427,940</u>	<u>3,208,955</u>	<u>(115,614)</u>	<u>600,345</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

	<i>Notes</i>	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
(LOSS)/PROFIT AFTER TAX FOR THE YEAR/PERIOD		(285,949)	427,940	3,208,955	(115,614)	600,345
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:						
Revaluation gains on transfer from property, plant and equipment to investment properties	15	–	–	–	–	161,395
Income tax effect		–	–	–	–	(40,348)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		–	–	–	–	121,047
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		–	–	–	–	121,047
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		(285,949)	427,940	3,208,955	(115,614)	721,392
Attributable to:						
Owners of the parent		(300,123)	325,047	2,312,283	(131,320)	701,906
Non-controlling interests		14,174	102,893	896,672	15,706	19,486
		(285,949)	427,940	3,208,955	(115,614)	721,392

COMBINED STATEMENTS OF FINANCIAL POSITION

		31 December			30 April
	Notes	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	622,093	593,613	539,236	147,814
Right-of-use assets	14	13,551	56,625	113,221	98,565
Investment properties	15	568,069	1,102,558	1,492,630	2,014,784
Intangible assets	16	6,575	9,868	11,672	11,952
Investments in joint ventures	17	359,334	341,201	712,680	1,071,696
Investments in associates	18	83,086	370,813	742,052	702,087
Deferred tax assets	19	921,582	1,702,789	1,960,579	2,095,252
Total non-current assets		2,574,290	4,177,467	5,572,070	6,142,150
CURRENT ASSETS					
Properties under development	20	51,665,579	88,598,436	92,688,528	98,795,266
Completed properties held for sale	21	3,872,130	3,114,046	5,393,412	3,919,951
Inventories		5,645	8,008	8,315	6,175
Trade and bills receivables	22	35,429	226,136	195,012	42,377
Contract assets	23	117,085	277,380	278,260	282,390
Due from related parties	40	2,504,108	4,161,637	5,560,849	4,178,402
Prepayments, deposits and other receivables	24	8,641,243	12,051,553	11,388,198	12,311,705
Tax recoverable		619,622	1,541,883	1,968,017	2,169,713
Financial assets at fair value through profit or loss	25	330,293	52,433	20,567	373,524
Restricted cash	26	2,375,494	4,074,584	4,207,533	4,971,242
Pledged deposits	26	195,133	670,560	342,651	617,363
Cash and cash equivalents	26	3,229,359	3,113,634	2,412,297	2,446,901
		73,591,120	117,890,290	124,463,639	130,115,009
Assets of a subsidiary classified as held for sale	39	—	—	591,983	—
Total current assets		73,591,120	117,890,290	125,055,622	130,115,009

		31 December			30 April
	Notes	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables	27	1,756,047	5,063,976	5,102,436	6,133,449
Other payables and accruals	28	4,975,785	3,759,979	4,898,470	4,645,376
Contract liabilities	29	36,934,913	74,573,736	77,901,721	80,170,382
Due to related parties	40	4,491,843	5,909,143	5,956,321	4,815,928
Interest-bearing bank and other borrowings	30	10,325,155	12,523,827	10,288,997	15,642,381
Senior notes	31	–	644,958	1,016,301	72,709
Asset-backed securities	32	1,710,080	2,416,926	205,551	–
Tax payable	10	467,512	566,218	1,923,178	2,260,371
Lease liabilities	14	7,078	30,812	50,744	52,078
		60,668,413	105,489,575	107,343,719	113,792,674
Liabilities directly associated with the assets classified as held for sale	39	–	–	41,638	–
Total current liabilities		60,668,413	105,489,575	107,385,357	113,792,674
NET CURRENT ASSETS		12,922,707	12,400,715	17,670,265	16,322,335
TOTAL ASSETS LESS CURRENT LIABILITIES		15,496,997	16,578,182	23,242,335	22,464,485

		31 December			30 April
	Notes	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	30	13,839,170	13,479,396	17,016,525	15,021,475
Senior notes	31	–	–	–	1,477,719
Lease liabilities	14	7,751	27,931	74,846	71,623
Deferred tax liabilities	19	190,844	189,996	175,848	224,359
Total non-current liabilities		14,037,765	13,697,323	17,267,219	16,795,176
NET ASSETS		1,459,232	2,880,859	5,975,116	5,669,309
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	–	–	–	–
Reserves	34	681,545	1,957,796	4,617,425	4,329,489
		681,545	1,957,796	4,617,425	4,329,489
Non-controlling interests		777,687	923,063	1,357,691	1,339,820
TOTAL EQUITY		1,459,232	2,880,859	5,975,116	5,669,309

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	Total equity
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2017	–	2,104,512	97,734	(1,023,268)	1,178,978	734,380	1,913,358
Loss and total comprehensive loss for the year	–	–	–	(300,123)	(300,123)	14,174	(285,949)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	169,014	169,014
Acquisition of non-controlling interests	–	(186,589)	–	–	(186,589)	24,451	(162,138)
Acquisition of subsidiaries	–	–	–	–	–	(17,199)	(17,199)
Acquisition of a subsidiary from the then equity holder of the subsidiary	–	(3,000)	–	–	(3,000)	–	(3,000)
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(147,133)	(147,133)
Dividend distributed to the then equity holder of a subsidiary	–	–	–	(7,721)	(7,721)	–	(7,721)
Appropriations to statutory surplus reserve	–	–	57,423	(57,423)	–	–	–
As at 31 December 2017 and 1 January 2018	–	1,914,923*	155,157*	(1,388,535)*	681,545	777,687	1,459,232
Profit and total comprehensive income for the year	–	–	–	325,047	325,047	102,893	427,940
Capital contribution by the then equity holder of a subsidiary	–	400,000	–	–	400,000	–	400,000
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	104,000	104,000
Acquisition of non-controlling interests	–	(54,120)	–	–	(54,120)	6,062	(48,058)
Acquisition of subsidiaries	–	–	–	–	–	4,140	4,140
Acquisition of subsidiaries from the then equity holder of the subsidiaries	–	583,895	–	–	583,895	1,875	585,770
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(19,600)	(19,600)
Disposal of a subsidiary	–	–	–	–	–	4,543	4,543
Appropriations to statutory surplus reserve	–	–	95,285	(95,285)	–	–	–
Capital reduction by the non-controlling shareholders of subsidiaries	–	–	–	–	–	(129,748)	(129,748)
Disposal of partial interests in subsidiaries without losing control	–	21,429	–	–	21,429	71,211	92,640
As at 31 December 2018	–	2,866,127*	250,442*	(1,158,773)*	1,957,796	923,063	2,880,859

	Attributable to owners of the parent						Total equity
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000	
As at 31 December 2018 and 1 January 2019	–	2,866,127	250,442	(1,158,773)	1,957,796	923,063	2,880,859
Profit and total comprehensive income for the year	–	–	–	2,312,283	2,312,283	896,672	3,208,955
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	24,875	24,875
Acquisition of non-controlling interests	–	93,508	–	–	93,508	(105,508)	(12,000)
Acquisition of subsidiaries	–	–	–	–	–	6,007	6,007
Acquisition of subsidiaries from the then equity holder of the subsidiaries	–	242,175	–	–	242,175	–	242,175
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(206,637)	(206,637)
Disposal of subsidiaries	–	–	–	–	–	(192,918)	(192,918)
Appropriations to statutory surplus reserve	–	–	256,115	(256,115)	–	–	–
Capital reduction by the non-controlling shareholders of subsidiaries	–	–	–	–	–	(6,000)	(6,000)
Disposal of partial interests in subsidiaries without losing control	–	11,663	–	–	11,663	18,137	29,800
As at 31 December 2019	–	3,213,473*	506,557*	897,395*	4,617,425	1,357,691	5,975,116

	Attributable to owners of the parent						Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Assets revaluation reserve	(Accumulated losses)/retained profits	Total	
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000	
As at 31 December 2019 and 1 January 2020	–	3,213,473	506,557	–	897,395	4,617,425	5,975,116
Profit and total comprehensive income for the period	–	–	–	119,836	582,070	701,906	721,392
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	8,000	8,000
Deemed distribution for acquisition of subsidiaries from the then equity holder of the subsidiaries	–	(1,023,675)	–	–	–	–	(1,023,675)
Disposal of partial interests in subsidiaries without losing control	–	33,833	–	–	–	33,833	71,700
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(83,224)	(83,224)
At 30 April 2020	–	2,223,631*	506,557*	119,836*	1,479,465*	4,329,489	5,669,309

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	Total equity
	<i>RMB'000</i> <i>Note 33</i>	<i>RMB'000</i> <i>Note 34(a)</i>	<i>RMB'000</i> <i>Note 34(b)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2018 and 1 January 2019	–	2,866,127	250,442	(1,158,773)	1,957,796	923,063	2,880,859
Profit and total comprehensive income for the period	–	–	–	(131,320)	(131,320)	15,706	(115,614)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	24,875	24,875
Acquisition of subsidiaries from the then equity holder of the subsidiaries	–	(3,125)	–	–	(3,125)	–	(3,125)
Disposal of partial interests in subsidiaries without losing control	–	10,468	–	–	10,468	9,532	20,000
At 30 April 2019 (unaudited)	–	2,873,470	250,442	(1,290,093)	1,833,819	973,176	2,806,995

* These reserve accounts represent the total combined reserves of RMB681,545,000, RMB1,957,796,000, RMB4,617,425,000 and RMB4,329,489,000 in the combined statements of financial position as at 31 December 2017, 2018 and 2019 and 30 April 2020 respectively.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(291,844)	686,062	5,530,348	(68,811)	1,067,936
Adjustments for:						
Depreciation of items of property, plant and equipment	6, 13	47,548	51,788	57,622	26,033	24,797
Depreciation of right-of-use assets	6, 14	3,525	13,633	44,767	14,576	14,656
Amortisation of intangible assets	6, 16	723	937	3,649	322	1,110
Gain on bargain purchase	5, 36	(22,437)	–	–	–	–
Gain on disposal of subsidiaries	5, 37	–	(9,969)	(4,032)	–	(1,058)
Gain on re-measurement of the previously held equity interests in joint ventures and associates		(60,824)	(1,558)	–	–	–
Share of profits and losses of joint ventures		(1,208)	30,492	54,644	5,195	(42,235)
Share of profits and losses of associates		1,349	30,929	(11,502)	6,689	13,154
Changes in fair value of investment properties	15	(17,285)	(13,978)	(22,406)	(18,163)	(854)
(Gain)/loss on disposal of items of property, plant and equipment		(189)	928	(157)	(835)	(541)
(Gain)/loss on disposal of an associate		(15,130)	–	–	–	1,811
Investment income from financial assets at fair value through profit or loss		(2,279)	(11,547)	(1,938)	(169)	(83)
Impairment of investments in a joint venture		–	–	53,000	–	–
Impairment of financial assets	6	4,671	487	13,574	1,625	(1,125)
Fair value gains on financial assets at fair value through profit or loss		(492)	(521)	(72)	–	(6,147)
Finance costs		220,316	432,110	777,570	154,350	178,579
Interest income		(16,400)	(70,855)	(151,811)	(26,223)	(31,641)
		(149,956)	1,138,938	6,343,256	94,589	1,218,359
Increase in properties under development and completed properties held for sale		(29,093,311)	(31,707,886)	(1,822,213)	(2,599,771)	(3,291,713)
(Increase)/decrease in inventories		(455)	(2,363)	(307)	278	1,410
Increase in land development for sale		–	–	(20,902)	–	(1,987)
Decrease/(increase) in amounts due from related parties		296,481	508,733	(275,081)	(40,931)	256,214
(Increase)/(decrease) in contract assets		(74,026)	(160,295)	(880)	6,845	(4,130)
Increase in restricted cash		(2,338,376)	(1,699,090)	(134,159)	(498,102)	(763,709)
(Increase)/decrease in pledged deposits		(176,117)	(406,530)	327,909	250,244	(232,126)
Decrease/(increase) in trade and bills receivables		16,342	(203,288)	17,115	197,378	150,541
(Increase)/decrease in prepayments, deposits and other receivables		(5,538,787)	(3,440,717)	1,104,621	191,310	(714,802)
Increase/(decrease) in trade and bills payables		44,675	3,339,019	63,497	(2,605,061)	1,036,909
(Decrease)/increase in other payables, and accruals		(1,168,778)	(1,877,560)	158,714	4,422,661	(24,262)
Increase in contract liabilities		26,497,224	37,866,779	3,604,704	9,629,401	1,898,980
Increase/(decrease) in amounts due to related parties		1,421,434	1,568,344	309,368	(2,809,102)	(1,265,879)
Cash (used in)/generated from operations		(10,263,650)	4,924,084	9,675,642	6,239,739	(1,736,195)
Interest received		16,400	96,145	157,339	30,645	31,641
Interest paid		(1,284,774)	(3,666,087)	(4,707,333)	(912,328)	(1,003,602)
Tax paid		(800,372)	(1,863,527)	(1,608,878)	(728,908)	(460,117)
Net cash flows (used in)/generated from operating activities		(12,332,396)	(509,385)	3,516,770	4,629,148	(3,168,273)

		Year ended 31 December			Four months ended 30 April	
	Notes	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Disposal of subsidiaries	37	–	(1,376)	(33,096)	–	(1,011)
Disposal of a joint venture		–	25,000	–	–	–
Disposal of an associate		–	–	–	–	25,000
Disposal of financial assets at fair value through profit or loss		121,279	341,840	48,824	30,592	14,578
Disposal of property, plant and equipment		16,398	21,244	10,879	1,792	3,326
Disposal of intangible assets		–	–	–	–	101
Dividends received from a joint venture		17,227	–	–	–	–
Purchases of items of property, plant and equipment		(83,668)	(45,148)	(14,602)	(9,203)	(6,328)
Purchase of intangible assets		(2,878)	(4,230)	(5,453)	(1,478)	(1,555)
Increase in investment properties		–	(520,511)	(367,666)	(81,724)	–
Acquisition of subsidiaries	36	623,722	(211,481)	(558,845)	(27,353)	(36,222)
Addition of joint ventures		(254,529)	(52,650)	(484,650)	(169,050)	(50,000)
Addition of associates		(12,000)	(341,400)	(401,888)	–	–
Advances to related parties	40	(4,663,254)	(6,578,991)	(5,996,142)	(3,012,748)	(4,958,001)
Repayment of advances to related parties	40	2,212,205	4,412,729	4,811,583	2,559,838	5,261,804
Acquisition of financial assets at fair value through profit or loss		(392,911)	(51,912)	(14,950)	(4,007)	(364,305)
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries		(3,000)	–	(3,125)	(3,125)	(59,833)
Net cash flows used in investing activities		(2,421,409)	(3,006,886)	(3,009,131)	(716,466)	(172,446)
CASH FLOWS FROM FINANCING ACTIVITIES						
Deemed capital contribution from shareholders		–	580,770	245,300	–	–
Capital contribution by the then equity holders of subsidiaries		–	400,000	–	–	–
Capital contribution by the non-controlling shareholders of subsidiaries		169,014	104,000	24,875	24,875	8,000
Capital reduction by the non-controlling shareholders		–	(129,748)	(6,000)	–	–
Dividends paid to non-controlling shareholders		(62,720)	(19,600)	(31,727)	–	(83,224)
Acquisition of non-controlling interests		–	(39,058)	(5,000)	(5,000)	–
Acquisition of equity interests from the then equity holder of the subsidiaries		–	–	–	–	(78,535)
Proceeds from partial disposal of subsidiaries without losing control		–	92,640	29,800	20,000	71,700
Advances from related parties	40	12,488,344	14,446,939	8,728,616	499,393	400,093
Repayment of advances from related parties	40	(9,577,421)	(15,149,293)	(9,610,921)	(2,203,697)	(187,947)
Repayment of pledged deposits		(4,152)	(73,049)	–	(3,562)	(60,000)
Receipt of pledged deposits		–	4,152	–	–	17,414
Proceeds from the issuance of senior notes		–	602,162	994,918	–	1,408,112
Exchange effects on senior notes	31	–	42,444	3,754	(12,652)	27,953
Repayment of senior notes	31	–	–	(648,360)	(2,759)	(951,765)
Proceeds from interest-bearing bank borrowings		20,519,692	17,892,313	17,488,881	5,435,863	8,443,380
Repayment of interest-bearing bank borrowings		(8,096,683)	(16,053,415)	(16,186,582)	(6,246,396)	(5,432,546)
Proceeds from the issuance of asset-backed securities		1,710,080	3,783,610	1,059,550	949,650	–
Repayment of asset-backed securities		–	(3,076,764)	(3,270,925)	(1,696,919)	(205,551)
Payment of lease liabilities		(1,000)	(7,557)	(21,996)	(2,084)	(4,920)
Net cash flows generated from/(used in) financing activities		17,145,154	3,400,546	(1,205,817)	(3,243,288)	3,372,164

	<i>Notes</i>	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,391,349	(115,725)	(698,178)	669,394	31,445
Cash and cash equivalents at beginning of year/period		838,010	3,229,359	3,113,634	3,113,634	2,412,297
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,415,456</u>	<u>3,783,028</u>	<u>2,443,742</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	26	5,799,986	7,858,778	6,962,481	8,779,592	8,035,506
Less: Restricted cash	26	2,375,494	4,074,584	4,207,533	4,572,686	4,971,242
Pledged deposits	26	195,133	670,560	342,651	423,878	617,363
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>3,783,028</u>	<u>2,446,901</u>
Cash and cash equivalents attributable to a subsidiary held for sale	39	–	–	3,159	–	(3,159)
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF CASH FLOWS		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,415,456</u>	<u>3,783,028</u>	<u>2,443,742</u>

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	31 December 2019	30 April 2020
		<i>RMB'000</i>	<i>RMB'000</i>
CURRENT ASSETS			
Cash and cash equivalents		—	—
NET ASSETS		—	—
EQUITY			
Share capital	33	—	—
Reserves		—	—
TOTAL EQUITY		—	—

Note: Except for the issuance of shares, the Company had no transactions during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shinsun Holdings (Group) Co., Ltd., (the “Company”) is an exempted company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing, hotel operation and the provision of property management services (the “Listing Business”). The controlling shareholder of the Group is Mr. Chen Guoxiang (the “Controlling Shareholder”).

The Company and its subsidiaries (together, the “Group”) underwent the Reorganisation which was completed on 20 May 2020 as set out in the paragraph headed “Reorganisation” in the section headed “Our History and Reorganisation” in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct or indirect interests in more than 200 subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
('000)					
<u>Directly held:</u>					
Silver Rock Group Holdings Limited	(3)	British Virgin Islands/ 6 February 2020	US\$50	100%	Investment holding
Shinsun International Holdings Limited	(3)	British Virgin Islands/ 2 January 2020	US\$50	100%	Investment holding
<u>Indirectly held:</u>					
Golden Stone Hong Kong Limited	(3)	Hong Kong/ 27 February 2020	HK\$10	100%	Investment holding
Shinsun Hong Kong Limited	(3)	Hong Kong/ 24 February 2020	HK\$10	100%	Investment holding
浙江祥紳商務諮詢有限公司 Zhejiang Xiangshen Business Consulting Co., Ltd.	(3)	PRC*/Mainland China/ 18 March 2020	RMB10,000	100%	Investment holding
諸暨卓杰企業管理有限公司 Zhuji Zhuojie Business Management Co., Ltd.	(3)	PRC/Mainland China/ 27 December 2019	RMB25,000	100%	Investment holding
祥生地產集團有限公司 Shinsun Property Group Co., Ltd.	(10)	PRC/Mainland China/ 4 January 1995	RMB1,580,000	100%	Property development
香港祥生發展有限公司 Xiang Sheng Development Limited	(3)	Hong Kong/ 2 January 2018	HK\$1,000	100%	Investment holding
祥生控股有限公司 Xiang Sheng Holding Limited	(3)	British Virgin Islands/ 28 February 2018	US\$50	100%	Investment holding
浙江祥生宜悅企業管理有限公司 Zhejiang Shinsun Yiyue Management Co., Ltd.	(3)	PRC/Mainland China/ 24 December 2015	RMB50,000	100%	Investment holding
諸暨祥生祥合置業有限公司 Zhuji Shinsun Xianghe Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 9 February 2017	RMB70,000	51%	Property development
諸暨祥生新合置業有限公司 Zhuji Shinsun Xinhe Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 24 July 2013	RMB130,000	100%	Property development
諸暨祥生祥安置業有限公司 Zhuji Shinsun Xiang'an Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 15 December 2016	RMB39,000	100%	Property development
諸暨祥生宜景置業有限公司 Zhuji Shinsun Yijing Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 6 February 2017	RMB98,039	100%	Property development

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
杭州祥生弘景房地產開發有限公司 Hangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 11 July 2016	RMB100,000	100%	Property development
海甯祥生房地產開發有限公司 Haining Shinsun Real Estate Development Co., Ltd.	(7)	PRC/Mainland China/ 18 April 2016	RMB50,000	60%	Property development
杭州祥生弘盛房地產開發有限公司 Hangzhou Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	PRC/Mainland China/ 12 October 2016	RMB100,000	100%	Property development
諸暨祥生祥瑞置業有限公司 Zhuji Shinsun Xiangrui Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 15 December 2016	RMB80,000	100%	Property development
湖州祥生置業有限公司 Huzhou Shinsun Real Estate Co., Ltd.	(2,4)	PRC/Mainland China/ 28 October 2015	RMB30,000	100%	Property development
湖州祥生宜越房地產開發有限公司 Huzhou Shinsun Yiyue Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 20 January 2017	RMB30,000	100%	Property development
嘉興祥生房地產開發有限公司 Jiaxing Shinsun Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 19 July 2016	RMB30,000	100%	Property development
嘉興祥生弘景房地產開發有限公司 Jiaxing Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 29 August 2016	RMB43,000	100%	Property development
紹興祥生弘景房地產開發有限公司 Shaoxing Shinsun Hongjing Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 February 2017	RMB50,000	80%	Property development
紹興祥生弘遠房地產開發有限公司 Shaoxing Shinsun Hongyuan Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 February 2017	RMB50,000	80%	Property development
舟山祥生置業有限公司 Zhoushan Shinsun Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 10 December 2015	RMB30,000	100%	Property development
舟山祥生弘遠房地產開發有限公司 Zhoushan Shinsun Hongyuan Real Estate Development Co., Ltd.	(11)	PRC/Mainland China/ 13 January 2017	RMB100,000	100%	Property development
上海聚博房地產開發有限公司 Shanghai Jubo Real Estate Development Co., Ltd.	(2,10)	PRC/Mainland China/ 5 August 2004	RMB100,000	80%	Property development
泰興市祥瑞置業有限公司 Taixing Xiangrui Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 22 January 2015	RMB200,000	70%	Property development
連雲港祥生連報房地產開發有限公司 Lianyungang Shinsun Lianbao Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 6 May 2016	RMB50,000	90%	Property development
滁州長城祥生置業有限公司 Chuzhou Great Wall Shinsun Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 7 March 2014	RMB50,000	100%	Property development
滁州祥生房地產開發有限公司 Chuzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 14 April 2016	RMB50,000	100%	Property development
明光祥生置業有限公司 Mingguang Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2015	RMB50,000	100%	Property development
定遠縣祥生置業有限公司 Dingyuan Shinsun Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 20 September 2016	RMB30,000	100%	Property development

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
宣城民生新城镇发展有限公司 Xuancheng Minsheng New Town Development Co., Ltd.	(2,5)	PRC/Mainland China/ 27 November 2013	RMB100,000	100%	Property development
诸暨祥生祥潤置業有限公司 Zhuji Shinsun Xiangrun Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 15 December 2016	RMB56,000	100%	Property development
南平祥生房地產開發有限公司 Nanping Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 17 August 2012	RMB100,000	100%	Property development
紹興祥生暨越置業有限公司 Shaoxing Shinsun Jiyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2014	RMB20,000	70%	Property development
舟山祥生投資發展有限公司 Zhoushan Shinsun Investment Development Co., Ltd.	(3)	PRC/Mainland China/ 3 February 2010	RMB20,000	100%	Property development
上海元字置業有限公司 Shanghai Yuanyu Real Estate Co., Ltd.	(12)	PRC/Mainland China/ 30 December 2004	RMB20,000	67.8%	Property development
上海祥丹置業有限公司 Shanghai Xiangdan Real Estate Co., Ltd.	(13)	PRC/Mainland China/ 23 December 2009	RMB10,000	67.8%	Property development
泰興祥雲置業有限公司 Taixing Xiangyun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 11 March 2009	RMB50,000	55%	Property development
泰州祥生置業有限公司 Taizhou Shinsun Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 29 July 2004	RMB50,000	100%	Property development
武漢祥生房地產開發有限公司 Wuhan Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 27 August 2002	RMB100,000	100%	Property development
仙桃祥榮房地產開發有限公司 Xiantao Xiangrong Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 21 January 2011	RMB50,000	100%	Property development
洪湖市祥生置業有限公司 Honghu Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 11 August 2004	RMB30,000	100%	Property development
濟南祥順置業有限公司 Jinan Xiangshun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 23 January 2013	RMB100,000	60%	Property development
遼寧祥生越都置業有限公司 Liaoning Shinsun Yuedu Real Estate Co., Ltd.	(14)	PRC/Mainland China/ 21 August 2008	RMB20,000	51%	Property development
岫岩祥越房地產開發有限公司 Xiuyan Xiangyue Real Estate Development Co., Ltd.	(15)	PRC/Mainland China/ 15 July 2011	RMB20,000	51%	Property development
浙江祥偉旅遊開發有限公司 Zhejiang Xiangwei Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 23 January 2017	RMB50,000	65%	Property development and cultural tourism
諸暨市祥生弘源置業有限公司 Zhuji Shinsun Hongyuan Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 31 July 2012	RMB104,000	51%	Property development
諸暨市祥生百越置業有限公司 Zhuji Shinsun Baiyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 22 May 2013	RMB20,000	70%	Property development
杭州祥迪投資管理有限公司 Hangzhou Xiangdi Investment Management Co., Ltd.	(3)	PRC/Mainland China/ 30 March 2016	RMB1,100	100%	Investment holding
寧波祥生房地產開發有限公司 Ningbo Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 10 March 2017	RMB50,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
連雲港祥生連報弘景房地產開發有限公司 Lianyungang Shinsun Lianbao Hongjing Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 6 March 2017	RMB50,000	100%	Property development
宣城祥生房地產開發有限公司 Xuancheng Shinsun Real Estate Development Co., Ltd.	(11)	PRC/Mainland China/ 24 March 2017	RMB50,000	100%	Property development
海鹽祥生弘景房地產開發有限公司 Haiyan Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 7 March 2017	RMB20,000	100%	Property development
滁州祥生弘順置業有限公司 Chuzhou Shinsun Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 3 March 2017	RMB50,000	100%	Property development
衢州祥生房地產開發有限公司 Quzhou Shinsun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB50,000	80%	Property development
浙江祥生廣場商貿有限公司 Zhejiang Shinsun Plaza Trading Co., Ltd.	(5)	PRC/Mainland China/ 26 May 2006	RMB50,000	100%	Hotel management
諸暨祥生祥祺置業有限公司 Zhuji Shinsun Xiangqi Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 13 March 2017	RMB75,000	53%	Property development
諸暨祥生祥躍置業有限公司 Zhuji Shinsun Xiangyue Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 20 April 2017	RMB50,000	100%	Property development
溫嶺祥生房地產開發有限公司 Taizhou Wenling Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 24 April 2017	RMB56,000	100%	Property development
浙江祥景旅遊產業發展有限公司 Zhejiang Xiangjing Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 4 May 2017	RMB50,000	100%	Property management and cultural tourism
蕪湖祥生房地產開發有限公司 Wuhu Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 18 May 2017	RMB50,000	51%	Property development
衢州祥生弘景房地產開發有限公司 Quzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 May 2017	RMB50,000	80%	Property development
諸暨祥生祥鵬置業有限公司 Zhuji Shinsun Xiangpeng Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 23 May 2017	RMB62,500	100%	Property development
杭州春園健康養老服務有限公司 Hangzhou Chunyuan Health Care Service Co., Ltd.	(3)	PRC/Mainland China/ 12 October 2016	RMB60,000	55%	Investment holding
安吉祥生置業有限公司 Anji Shinsun Real Estate Co., Ltd.	(2,20)	PRC/Mainland China/ 4 May 2017	RMB125,000	100%	Property development
浙江台州祥生房地產開發有限公司 Zhejiang Taizhou Shinsun Real Estate Development Co., Ltd.	(19)	PRC/Mainland China/ 8 March 2017	RMB50,000	100%	Property development
湖州祥生弘景房地產開發有限公司 Huzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 5 April 2017	RMB50,000	100%	Property development
南通祥生弘景房地產開發有限公司 Nantong Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 9 June 2017	RMB50,000	100%	Property development
衢州祥生弘遠房地產開發有限公司 Quzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 26 June 2017	RMB50,000	80%	Property development

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
宣城祥生弘景房地產開發有限公司 Xuancheng Shinsun Hongjing Real Estate Development Co., Ltd.	(18)	PRC/Mainland China/ 16 June 2017	RMB50,000	100%	Property development
鄒城市祥生房地產開發有限公司 Zoucheng Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 June 2017	RMB30,000	100%	Property development
鄒城市祥弘房地產開發有限公司 Zoucheng Xianghong Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 June 2017	RMB20,000	100%	Property development
浙江景越置業有限公司 Zhejiang Jingyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 6 January 2017	RMB50,000	100%	Property development
南通祥生弘遠房地產開發有限公司 Nantong Shinsun Hongyuan Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 30 June 2017	RMB50,000	100%	Property development
龍游祥生弘盛房地產開發有限公司 Longyou Shinsun Hongsheng Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 July 2017	RMB50,000	100%	Property development
杭州暨元企業管理有限公司 Hangzhou Jiyuan Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB1,000	100%	Investment holding
諸暨市祥雲企業管理諮詢有限公司 Zhuji Xiangyun Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 20 June 2013	RMB30,000	100%	Investment holding
諸暨市祥生企業管理諮詢有限公司 Zhuji Shinsun Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 13 January 2015	RMB70,000	100%	Investment holding
諸暨市祥鵬企業管理有限公司 Zhuji Xiangpeng Management Co., Ltd.	(3)	PRC/Mainland China/ 10 November 2015	RMB5,000	100%	Investment holding
諸暨市祥潤企業管理有限公司 Zhuji Xiangrun Management Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2015	RMB5,000	100%	Investment holding
溫州祥生地產集團有限公司 Wenzhou Shinsun Real Estate Group Co., Ltd.	(10)	PRC/Mainland China/ 11 August 2017	RMB50,000	100%	Property development
宿遷祥生連報房地產開發有限公司 Suqian Shinsun Lianbao Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 7 August 2017	RMB50,000	100%	Property development
廣德祥遠房地產開發有限公司 Guangde Xiangyuan Real Estate Development Co., Ltd.	(16)	PRC/Mainland China/ 18 August 2017	RMB98,039	51%	Property development
天臺祥生房地產開發有限公司 Tiantai Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 15 August 2017	RMB50,000	100%	Property development
杭州兆朗投資管理有限公司 Hangzhou Zhaolang Investment Management Co., Ltd.	(3)	PRC/Mainland China/ 12 June 2016	RMB250,000	100%	Investment holding
杭州弈翔企業管理諮詢有限公司 Hangzhou Yixiang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 28 April 2016	RMB5,000	100%	Investment holding
諸暨祥生祥泰置業有限公司 Zhuji Shinsun Xiangtai Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 29 August 2017	RMB30,000	100%	Property development
杭州元博企業管理有限公司 Hangzhou Yuanbo Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB17,500	100%	Investment holding
杭州暨成企業管理有限公司 Hangzhou Jicheng Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB1,000	100%	Investment holding

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
杭州暨東企業管理有限公司 Hangzhou Jidong Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB10,000	100%	Investment holding
杭州暨聯企業管理有限公司 Hangzhou Jilian Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB1,000	100%	Investment holding
慈溪祥生弘景房地產開發有限公司 Cixi Shinsun Hongjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 5 September 2017	RMB50,000	100%	Property development
紹興祥生弘盛房地產開發有限公司 Shaoxing Shinsun Hongsheng Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 15 September 2017	RMB50,000	100%	Property development
安吉三特田野牧歌旅遊開發有限公司 Anji Sante Tianye Muge Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 21 November 2014	RMB50,000	100%	Property development and cultural tourism
台州市路橋祥生房地產開發有限公司 Taizhou Luqiao Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 18 September 2017	RMB50,000	100%	Property development
宿州祥生房地產開發有限公司 Suzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 30 September 2017	RMB50,000	100%	Property development
紹興祥生弘瑞房地產開發有限公司 Shaoxing Shinsun Hongrui Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 26 October 2017	RMB50,000	100%	Property development
安吉祥生弘景房地產開發有限公司 Anji Shinsun Hongjing Real Estate Development Co., Ltd.	(20)	PRC/Mainland China/ 23 October 2017	RMB50,000	100%	Property development
岳陽雄城置業有限公司 Yueyang Xiongcheng Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 22 August 2007	RMB48,235	100%	Property development
臨海祥生房地產開發有限公司 Linhai Shinsun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 October 2017	RMB50,000	100%	Property development
常德祥生曙光房地產開發有限公司 Changde Shinsun Shuguang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 2 November 2017	RMB30,000	70%	Property development
宣城祥生弘盛房地產開發有限公司 Xuancheng Shinsun Hongsheng Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 13 November 2017	RMB50,000	100%	Property development
杭州暨山企業管理有限公司 Hangzhou Jishan Management Co., Ltd.	(2,3)	PRC/Mainland China/ 27 September 2017	RMB1,961	100%	Investment holding
杭州吉景企業管理有限公司 Hangzhou Jijing Management Co., Ltd.	(3)	PRC/Mainland China/ 9 October 2017	RMB1,000	100%	Investment holding
浙江鳳升旅遊開發有限公司 Zhejiang Fengsheng Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 16 December 2016	RMB200,000	70%	Property leasing and cultural tourism
張家港祥生弘遠房地產開發有限公司 Zhangjiagang Shinsun Hongyuan Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 4 December 2017	RMB20,000	100%	Property development
溫州多弗祥生置業有限公司 Wenzhou Duofu Shinsun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 28 November 2017	RMB50,000	100%	Property development

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
龍遊祥生弘瑞房地產開發有限公司 Longyou Shinsun Hongrui Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 7 December 2017	RMB50,000	100%	Property development
桐鄉祥生房地產開發有限公司 Tongxiang Shinsun Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 19 December 2017	RMB571,430	100%	Property development
杭州祥生弘達房地產開發有限公司 Hangzhou Shinsun Hongda Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 15 December 2017	RMB50,000	100%	Property development
定遠縣祥生弘景房地產開發有限公司 Dingyuan Shinsun Hongjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 20 December 2017	RMB20,000	51%	Property development
包頭祥生房地產開發有限公司 Baotou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 20 December 2017	RMB30,000	100%	Property development
杭州暨發企業管理有限公司 Hangzhou Jifa Management Co., Ltd.	(3)	PRC/Mainland China/ 28 November 2017	RMB1,000	100%	Investment holding
杭州勢通企業管理有限公司 Hangzhou Shitong Management Co., Ltd.	(3)	PRC/Mainland China/ 28 November 2017	RMB1,000	100%	Investment holding
杭州朗仕企業管理有限公司 Hangzhou Langshi Management Co., Ltd.	(3)	PRC/Mainland China/ 27 November 2017	RMB1,000	100%	Investment holding
杭州宇坤企業管理有限公司 Hangzhou Yukun Management Co., Ltd.	(3)	PRC/Mainland China/ 27 November 2017	RMB35,000	100%	Investment holding
江西中城祥生地產開發有限公司 Jiangxi Zhongcheng Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 20 December 2017	RMB50,000	60%	Property development
杭州祥生弘程房地產開發有限公司 Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 31 January 2018	RMB1,076,923	100%	Property development
泰興市泰瑞置業有限公司 Taixing Tairui Real Estate Co., Ltd.	(9)	PRC/Mainland China/ 22 January 2018	RMB592,875	100%	Property development
撫州祥生房地產開發有限公司 Fuzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 12 March 2018	RMB50,000	100%	Property development
揚州祥生弘景房地產開發有限公司 Yangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 27 February 2018	RMB50,000	100%	Property development
杭州奧朗企業管理有限公司 Hangzhou Aolang Management Co., Ltd.	(3)	PRC/Mainland China/ 5 January 2018	RMB1,000	100%	Investment holding
杭州朗亞企業管理有限公司 Hangzhou Langya Management Co., Ltd.	(3)	PRC/Mainland China/ 27 December 2017	RMB2,000	100%	Investment holding
諸暨祥生祥韻置業有限公司 Zhuji Shinsun Xiangyun Real Estate Co., Ltd.	(9)	PRC/Mainland China/ 7 March 2018	RMB50,505	100%	Property development
諸暨祥生祥坤置業有限公司 Zhuji Shinsun Xiangkun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 7 March 2018	RMB50,000	100%	Property development
杭州暨達企業管理有限公司 Hangzhou Jida Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB1,000	100%	Investment holding
諸暨祥生景輝置業有限公司 Zhuji Shinsun Jinghui Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 19 March 2018	RMB50,000	70%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
諸暨祥生未來城置業有限公司 Zhuji Shinsun Future City Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
東台市祥生弘景房地產開發有限公司 Dongtai Shinsun Hongjing Real Estate Development Co., Ltd.	(2,17)	PRC/Mainland China/ 26 March 2018	RMB50,000	100%	Property development
天臺祥生弘景房地產開發有限公司 Tiantai Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 27 March 2018	RMB50,000	100%	Property development
天長市祥生房地產開發有限公司 Tianchang Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 30 March 2018	RMB50,000	100%	Property development
蘇州祥生弘景房地產開發有限公司 Suzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
聊城市祥生房地產開發有限公司 Liaocheng Shinsun Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
紹興祥生弘越房地產開發有限公司 Shaoxing Shinsun Hongyue Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 April 2018	RMB50,000	100%	Property development
濟南祥弘房地產開發有限公司 Jinan Xianghong Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 18 May 2018	RMB50,000	100%	Property development
廣德祥盛房地產開發有限公司 Guangde Xiangsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 24 May 2018	RMB50,000	100%	Property development
衢州祥生弘瑞房地產開發有限公司 Quzhou Shinsun Hongrui Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 24 May 2018	RMB50,000	100%	Property development
杭州伊磊企業管理有限公司 Hangzhou Yilei Management Co., Ltd.	(2,3)	PRC/Mainland China/ 23 May 2018	RMB1,000	100%	Investment holding
杭州正全企業管理有限公司 Hangzhou Zhengquan Management Co., Ltd.	(3)	PRC/Mainland China/ 23 May 2018	RMB1,000	100%	Investment holding
杭州正然企業管理有限公司 Hangzhou Zhengran Management Co., Ltd.	(3)	PRC/Mainland China/ 23 May 2018	RMB10,000	100%	Investment holding
杭州祥生弘越房地產開發有限公司 Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 26 July 2018	RMB1,180,000	100%	Property development
天長市祥瑞房地產開發有限公司 Tianchang Xiangrui Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 15 May 2018	RMB50,000	51%	Property development
郎溪祥盛房地產開發有限公司 Langxi Xiangsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 8 June 2018	RMB50,000	100%	Property development
安吉祥生弘遠房地產開發有限公司 Anji Shinsun Hongyuan Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 2 July 2018	RMB50,000	100%	Property development
諸暨祥生弘坤置業有限公司 Zhuji Shinsun Hongkun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 5 July 2018	RMB20,000	100%	Property development

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
麗水祥生房地產開發有限公司 Lishui Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 22 June 2018	RMB50,000	100%	Property development
麗水祥生弘遠房地產開發有限公司 Lishui Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 21 June 2018	RMB50,000	100%	Property development
麗水祥生弘遠房地產開發有限公司 Lishui Shinsun Hongyuan Real Estate Development Co., Ltd.	(2,17)	PRC/Mainland China/ 10 July 2018	RMB50,000	100%	Property development
呼和浩特祥生房地產開發有限公司 Huhehaote Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 18 July 2018	RMB10,000	100%	Property development
諸暨祥生弘遠置業有限公司 Zhuji Shinsun Hongda Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 20 July 2018	RMB20,000	100%	Property development
舟山祥生弘盛房地產開發有限公司 Zhoushan Shinsun Hongsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 15 August 2018	RMB58,824	100%	Property development
南京祥生世紀房地產開發有限公司 Nanjing Shinsun Century Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 7 August 2018	RMB92,000	100%	Property development
上海立黎達企業管理有限公司 Shanghai Lilida Management Co., Ltd.	(3)	PRC/Mainland China/ 28 May 2018	RMB2,000	100%	Investment holding
蕪湖祥駿房地產開發有限公司 Wuhu Xiangjun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 31 August 2018	RMB50,000	100%	Property development
南京暨越企業管理有限公司 Nanjing Jiyue Management Co., Ltd.	(3)	PRC/Mainland China/ 4 September 2018	RMB50,000	100%	Investment holding
杭州暨杭企業管理有限公司 Hangzhou Jihang Management Co., Ltd.	(3)	PRC/Mainland China/ 19 June 2018	RMB1,000	100%	Investment holding
杭州暨濱企業管理有限公司 Hangzhou Jibin Management Co., Ltd.	(2,3)	PRC/Mainland China/ 15 June 2018	RMB30,000	100%	Investment holding
杭州暨富企業管理有限公司 Hangzhou Jifu Management Co., Ltd.	(3)	PRC/Mainland China/ 26 July 2018	RMB1,000	100%	Investment holding
杭州暨潤企業管理有限公司 Hangzhou Jirun Management Co., Ltd.	(3)	PRC/Mainland China/ 19 June 2018	RMB1,000	100%	Investment holding
浙江諸暨祥生旅遊文化發展有限公司 Zhejiang Zhuji Shinsun Tourism Cultural Development Co., Ltd.	(3)	PRC/Mainland China/ 13 July 2018	RMB100,000	100%	Property management and cultural tourism
浙江諸暨祥生智慧農業有限公司 Zhejiang Zhuji Shinsun Intelligence Agriculture Co., Ltd.	(3)	PRC/Mainland China/ 4 September 2018	RMB5,000	100%	Investment holding
馬鞍山祥生房地產開發有限公司 Ma'anshan Shinsun Real Estate Development Co., Ltd.	(1,5)	PRC/Mainland China/ 15 November 2018	RMB50,000	26.01%	Property development
杭州暨通企業管理有限公司 Hangzhou Jitong Management Co., Ltd.	(3)	PRC/Mainland China/ 27 September 2017	RMB10,000	100%	Investment holding
天臺祥生商業管理有限公司 Tiantai Shinsun Commercial Management Co., Ltd.	(5)	PRC/Mainland China/ 16 May 2018	RMB1,000	100%	Investment holding

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
杭州勝安企業管理有限公司 Hangzhou Sheng'an Management Co., Ltd.	(3)	PRC/Mainland China/ 12 October 2018	RMB1,000	100%	Investment holding
諸暨市萬裕房地產開發有限公司 Zhuji Wanyu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 18 May 2017	RMB35,000	70%	Property development
杭州騫翔企業管理諮詢有限公司 Hangzhou Qianxiang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 30 October 2015	RMB5,000	100%	Investment holding
諸暨祥生弘潤置業有限公司 Zhuji Shinsun Hongrun Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 3 July 2013	RMB422,000	100%	Property development
德清祥生置業有限公司 Deqing Shinsun Real Estate Co., Ltd.	(2,17)	PRC/Mainland China/ 27 July 2018	RMB70,000	60%	Property development
上海祥生聚朗企業管理有限公司 Shanghai Shinsun Julang Management Co., Ltd.	(3)	PRC/Mainland China/ 16 April 2019	RMB20,000	100%	Investment holding
杭州暨涵企業管理有限公司 Hangzhou Jihan Enterprise Management Co., Ltd.	(2,3)	PRC/Mainland China/ 3 April 2019	RMB50,000	100%	Investment holding
諸暨祥生宜瑞置業有限公司 Zhuji Shinsun Yirui Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 28 April 2019	RMB20,000	100%	Property development
衢州市柯城區九龍谷房地產開發有限公司 Quzhou Kecheng Jiulonggu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 13 September 2018	RMB5,000	100%	Property development
北京聯祥科技發展有限公司 Beijing Lianxiang Technology Development Co., Ltd.	(3)	PRC/Mainland China/ 22 April 2019	RMB10,000	100%	Investment holding
杭州博盟企業管理諮詢有限公司 Hangzhou Bomeng Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州暨傑企業管理有限公司 Hangzhou Jijie Management Co., Ltd.	(3)	PRC/Mainland China/ 3 April 2019	RMB1,000	100%	Investment holding
杭州網軒企業管理諮詢有限公司 Hangzhou Wangxuan Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州至煊企業管理諮詢有限公司 Hangzhou Zhixuan Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州翰仕企業管理諮詢有限公司 Hangzhou Hanshi Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
廣德祥弘房地產開發有限公司 Guangde Xianghong Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 28 June 2019	RMB70,000	100%	Property development
濟南祥越置業有限公司 Jinan Xiangyue Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 2 July 2019	RMB20,000	51%	Property development
宣城祥生雲境房地產開發有限公司 Xuancheng Shinsun Yunjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 18 July 2019	RMB50,000	100%	Property development
諸暨祥生弘澤置業有限公司 Zhuji Shinsun Hongze Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 12 July 2019	RMB30,000	100%	Property development
杭州尚盛實業有限公司 Hangzhou Shangsheng Industrial Co., Ltd.	(3)	PRC/Mainland China/ 29 April 2019	RMB2,000	90%	Wholesale and retail

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
廣德祥越房地產開發有限公司 Guangde Xiangyue Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 August 2019	RMB50,000	100%	Property development
杭州祥生宜信房地產開發有限公司 Hangzhou Shinsun Yixin Real Estate Development Co., Ltd.	(2,3)	PRC/Mainland China/ 9 October 2019	RMB50,000	100%	Property development
湖北凱祥房地產開發有限公司 Hubei Kaixiang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 18 January 2018	RMB30,000	80%	Property development
杭州祥生弘遠房地產開發有限公司 Hangzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 21 October 2015	RMB30,000	100%	Property development
杭州濱旺企業管理諮詢有限公司 Hangzhou Binwang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 16 July 2019	RMB1,000	100%	Investment holding
撫州祥生建設發展有限公司 Fuzhou Shinsun Construction Development Co., Ltd.	(5)	PRC/Mainland China/ 12 November 2018	RMB50,000	62.5%	Property development and cultural tourism
仙居祥生房地產開發有限公司 Xianju Shinsun Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 8 May 2019	RMB20,000	100%	Property development
紹興祥生弘豐房地產開發有限公司 Shaoxing Shinsun Hongfeng Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 12 June 2019	RMB50,000	100%	Property development
合肥市祥生置業有限公司 Hefei Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 14 March 2019	RMB20,000	100%	Property development
杭州祥生弘騰房地產開發有限公司 Hangzhou Shinsun Hongteng Real Estate Development Co., Ltd.	(2,3)	PRC/Mainland China/ 21 June 2019	RMB50,000	100%	Property development
寧波聯祥科技發展有限公司 Ningbo Lianxiang Technology Development Co., Ltd.	(2,3)	PRC/Mainland China/ 5 June 2019	RMB100,000	100%	Investment holding
杭州濱宏企業管理有限公司 Hangzhou Binhong Management Co., Ltd.	(2,3)	PRC/Mainland China/ 12 July 2019	RMB1,000	100%	Investment holding
鄭城市祥宜房地產開發有限公司 Zoucheng Xiangyi Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 25 June 2019	RMB887,000	100%	Property development
溫州祥生廣和置業有限公司 Wenzhou Shinsun Guanghe Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 25 October 2019	RMB50,000	100%	Property development
遂昌祥生房地產開發有限公司 Suichang Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 25 September 2019	RMB50,000	100%	Property development
衡陽杉杉奧特萊斯置業有限公司 Hengyang Shanshan Outlets Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 5 March 2019	RMB60,000	90%	Property development
諸暨市東和旅遊管理有限公司 Zhuji Donghe Tourism Management Co., Ltd.	(3)	PRC/Mainland China/ 12 March 2019	RMB5,000	60%	Property development and cultural tourism
呼和浩特祥遠房地產開發有限公司 Huhehaote Xiangyuan Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
呼和浩特祥信房地產開發有限公司 Huhehaote Xiangxin Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
呼和浩特祥安房地產開發有限公司 Hohhot Xiang'an Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
呼和浩特祥博房地產開發有限公司 Huhehaote Xiangbo Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
杭州恒朔企業管理有限公司 Hangzhou Hengshuo Management Co., Ltd.	(3)	PRC/Mainland China/ 7 May 2019	RMB1,000	100%	Investment holding
杭州祥生弘圖房地產開發有限公司 Hangzhou Shinsun Hongtu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 23 March 2020	RMB628,764	100%	Property development
杭州祥生弘治房地產開發有限公司 Hangzhou Shinsun Hongzhi Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 23 March 2020	RMB720,483	100%	Property development
天長市祥昌房地產開發有限公司 Tianchang Xiangchang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 17 January 2020	RMB20,000	60%	Property development
浙江祥生弘創建築科技有限公司 Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd.	(3)	PRC/Mainland China/ 31 May 2018	RMB100,000	100%	Investment holding
杭州祥義公寓管理有限公司 Hangzhou Xiangyi Apartment Management Co., Ltd.	(2,3)	PRC/Mainland China/ 14 November 2019	RMB20,000	100%	Property leasing
南通市祥琪房地產開發有限公司 Nantong Xiangqi Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 19 May 2020	RMB50,000	100%	Property development
寧波祥生弘輝房地產開發有限公司 Ningbo Shinsun Honghui Development Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2020	RMB100,000	100%	Property development
南昌祥合房地產開發有限公司 Nanchang Xianghe Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 10 June 2020	RMB50,000	100%	Property development
定遠祥駿房地產開發有限公司 Dingyuan Xiangjun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 June 2020	RMB20,000	100%	Property development

Notes:

* The People's Republic of China ("PRC").

- (1) This entity is subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as subsidiary by virtue of the Company's control over it.
- (2) The equity interests in these entities legally held by the Group are less than the beneficiary interests which are attributable to the trust financing arrangements with the third party financing institutes. The Group legally transferred partial equity interests of these subsidiaries as collateral as at the date of this report to the trust financing institutes. Under such trust financing arrangements, the Group was obliged to purchase equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing entities.

Meanwhile, the Group retains the power to operate and manage these entities in the ordinary course of business. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these entities for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project entities so as to obtain benefits from the operating activities of these project entities, the directors of the Company are of the view that the financial position and operating results of these entities should be combined into the Group's financial statements, irrespective of the equity transfers from the legal perspective.

- (3) No audited financial statements have been prepared for these entities since their dates of incorporation as these subsidiaries are not required by the local government to prepare statutory accounts.
- (4) The statutory financial statements of these entities for the years ended 31 December 2017 and 2018 prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (5) The statutory financial statements of these entities for the year/period ended 31 December 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)) a certified public accounting firm registered in the PRC.
- (6) The statutory financial statements of these entities for the year/period ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (7) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Henghui Certified Public Accountants Co., Ltd. (浙江恒惠會計師事務所有限公司) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (8) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Henghui Certified Public Accountants Co., Ltd. (浙江恒惠會計師事務所有限公司) and Zhejiang New-Zhongtian Certified Public Accountants Co., Ltd. (浙江新中天會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.
- (9) The statutory financial statements of these entities for the year/period ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (10) The statutory financial statements of these entities for the years/period ended 31 December 2017, and years ended 31 December 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (11) The statutory financial statements of these entities for the years ended 31 December 2017 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (12) The statutory financial statements of this entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Zhuji Tianyang Certified Public Accountants Co., Ltd. (諸暨天陽會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (13) The statutory financial statements of this entity for the year ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Zhiyuan Certified Public Accountants Co., Ltd. (上海知源會計師事務所有限公司), a certified public accounting firm registered in the PRC.

- (14) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Liaoning Yong Xin Da Certified Public Accountants Co., Ltd. (遼寧永信達會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (15) The statutory financial statements of this entity for the year ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Xiuyan Yucheng Certified Public Accountants Co., Ltd. (岫岩玉城會計師事務所有限責任公司), a certified public accounting firm registered in the PRC.
- (16) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui Zhonghui Certified Public Accountants Co., Ltd. (安徽中輝會計師事務所有限公司), and for the years ended 31 December 2018 and 2019 were audited by and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), certified public accounting firms registered in the PRC.
- (17) The statutory financial statements of these entities for the years ended 31 December 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (18) The statutory financial statements of this entity for the years ended 31 December 2017 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Anhui Zhonghui Certified Public Accountants Co., Ltd. (安徽中輝會計師事務所有限公司) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (19) The statutory financial statements of this entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Taizhou Tianyi Certified Public Accountants Co., Ltd. (台州天一會計師事務所有限公司), Taizhou Mingzheng Certified Public Accountants (台州明政會計師事務所) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (20) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Huzhou Zhongtianhe Certified Public Accountants Co., Ltd. (湖州中天和會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 20 May 2020. The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods included the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as of 31 December 2017, 2018 and 2019 and 30 April 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of pooling of interests method.

Profit or loss is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts⁵</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current⁵</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Annual Improvements to IFRSs 2018-2020	<i>Minor amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41²</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ No mandatory effective date yet determined but available for adoption

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

In May 2020, the IASB issued amendments to IFRS 3 to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements* issued in 1989 with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. In addition, the amendments add an exemption to the recognition principle for liabilities within the scope of IAS 37 or IFRIC 21. The amendments also clarify existing guidance for contingent assets. The Group expects to adopt the amendments prospectively from 1 January 2022 and does not expect any financial impact upon initial adoption of the amendments.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after 1 January 2022. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments are required to be applied retrospectively with the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings of that earliest period presented. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's statements of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests

and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the combined profit or loss and combined other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, respectively, the Group recognises its share of any

changes, when applicable, in the combined statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and financial assets at FVTPL at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, properties under development, completed properties held for sale, investment properties and a subsidiary classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.33-5.00%
Motor vehicles	25.00-33.33%
Office equipment and electronic devices	20.00-33.33%
Leasehold improvements	Over the shorter of the lease terms and useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents equipment under installation and car campaign under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including leasehold property interests held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value

of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses and related tax.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas (“GFA”) to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group’s share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised in profit or loss as an allowance.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years, which is based on the expected period of usage and economic benefits brought by the software.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2 to 6 years
Motor vehicles	5 years

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of offices equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased assets is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for the expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and bills receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, interest-bearing bank and other borrowings, senior notes, asset-backed securities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a. Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession, or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

b. Property management services

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

c. Management consulting services

Consulting service income derived from the provision of support services in connection with the development of property projects is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

d. Hotel services

Hotel revenue is recognised when the services have been rendered.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Employee retirement benefits*Pension scheme*

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Company's functional currency, because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Significant financing component

In determining the transaction price of property sales, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. The Group has entered into voting right entrustment agreements or articles of associations with the equity holders of some entities, pursuant to which the equity holders have agreed to entrust their voting rights attached to certain equity interests in these entities to the Group. Consequently, the Group considers that it controls these entities, notwithstanding the fact that it does not hold majority equity interest. Accordingly, these entities have been accounted for as subsidiaries during the Relevant Periods. As disclosed in note 1 (2) to the Historical Financial Information, the Group legally transferred partial interests of some entities as collateral to independent trust financing institutes under financing arrangements, pursuant to which, the Group was obliged to repurchase the equity interests held by trust companies at a fixed amount upon repayment of the borrowings. The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust financing institutes earn fixed returns from their investments and their rights in these entities are considered protective in nature. In this regard, the investments from trust financing institutes are treated as liabilities of the Group and these investees are considered as subsidiaries.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has four reportable operating segments which are property development, property leasing, hotel operations and the provision of property management services. The property leasing segment, hotel operations segment and the provision of property management services segment have no significant contribution to the revenue and net assets. The Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole, and accordingly no further operating segment analysis thereof is presented.

Geographical information

No geographical information by segment is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers	6,279,253	14,200,739	35,506,919	3,831,267	8,535,805
Revenue from other sources					
Property lease income	14,042	14,563	12,619	3,789	16,068
	<u>6,293,295</u>	<u>14,215,302</u>	<u>35,519,538</u>	<u>3,835,056</u>	<u>8,551,873</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods or services:					
Sale of properties	6,165,676	14,077,218	35,372,157	3,786,450	8,515,084
Property management services	3,502	2,696	3,781	1,115	1,172
Hotel operation	110,075	111,853	107,088	38,787	13,560
Management consulting services	–	8,972	23,893	4,915	5,989
Total revenue from contracts with customers	<u>6,279,253</u>	<u>14,200,739</u>	<u>35,506,919</u>	<u>3,831,267</u>	<u>8,535,805</u>

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Timing of revenue recognition:					
Properties transferred at a point in time	6,165,676	14,077,218	35,372,157	3,786,450	8,515,084
Services transferred over time	113,577	123,521	134,762	44,817	20,721
Total revenue from contracts with customers	<u>6,279,253</u>	<u>14,200,739</u>	<u>35,506,919</u>	<u>3,831,267</u>	<u>8,535,805</u>

Information relating to the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods is included in note 29 to the Historical Financial Information.

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment properly.

Property management services

For property management services, the Group recognises revenue when the services are provided on a monthly basis and the Group has a right to invoice which corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Hotel operation

For hotel services, the Group recognises revenue over time as services are rendered and short-term advances are normally required before rendering the services. The performance obligation of hotel accommodation is recognised upon the provision of the accommodation services and other ancillary services. The performance obligation of food and beverage operations of hotels is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items at the food and beverage operations. Payment of the transaction is due immediately at the point when the customer purchases the food and beverage.

An analysis of other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income and gains					
Gain on bargain purchase (note 36)	22,437	—	—	—	—
Gain on disposal of an associate	15,130	—	—	—	—
Gain on disposal of subsidiaries (note 37)	—	9,969	4,032	—	1,058
Subsidy income	22,725	4,019	70,756	56,736	24,351
Deposit forfeiture	1,445	2,168	2,593	1,084	2,060
Investment income from financial assets at fair value through profit or loss	2,279	11,547	1,938	169	83
Gain on disposal of items of property, plant and equipment	388	485	1,438	967	1,197
Gain on remeasurement of previously held equity interests in joint ventures and associates	60,824	1,558	—	—	—
Foreign exchange differences, net	—	—	—	834	10,459
Others	5,803	7,043	14,618	3,400	4,279
	<u>131,031</u>	<u>36,789</u>	<u>95,375</u>	<u>63,190</u>	<u>43,487</u>

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold (note 21)	5,399,693	11,154,733	26,975,106	3,115,590	6,770,162
Cost of services provided	59,768	61,388	64,321	15,193	13,146
Impairment of financial assets (note 22, 24)	4,671	487	13,574	1,625	(1,125)
Depreciation of property, plant and equipment (note 13)	47,548	51,788	57,622	26,033	24,797
Depreciation of right-of-use assets (note 14)	3,525	13,633	44,767	14,576	14,656
Amortisation of intangible assets (note 16)	723	937	3,649	322	1,110
Lease payments not included in the measurement of lease liabilities (note 14(d))	4,267	18,360	16,288	14,741	3,950
Auditor's remuneration	959	2,680	3,200	–	12,470
Employee benefit expense (including directors' and chief executive's remuneration in note 8):					
Wages and salaries	235,191	604,813	777,907	254,536	284,673
Pension scheme contributions	41,115	103,492	125,086	42,808	28,288

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	1,374,575	2,559,191	3,223,183	693,812	1,081,827
Interest on senior notes (note 31)	–	34,942	62,359	25,170	49,827
Interest on asset-backed securities	22,099	203,549	255,634	96,157	15,464
Interest on lease liabilities (note 14)	1,358	1,561	7,340	1,184	3,031
Interest expense arising from revenue contracts	481,717	672,109	928,918	368,080	369,994
	1,879,749	3,471,352	4,477,434	1,184,403	1,520,143
Less: Interest capitalised	(1,659,433)	(3,039,242)	(3,699,864)	(1,030,053)	(1,341,564)
	<u>220,316</u>	<u>432,110</u>	<u>777,570</u>	<u>154,350</u>	<u>178,579</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 13 December 2019, the date of incorporation of the Company.

Mr. Chen Guoxiang, Mr. Chen Hongni, Ms. Yao Xiaozhen and Mr. Zhao Leiyi were appointed as executive directors of the Company on 21 May 2020. Mr. Wong Kon Man, Ms. Ma Hongman and Mr. Ding Jiangang were appointed as independent non-executive directors of the Company on 20 October 2020.

Certain of the Company's directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,390	16,490	12,871	4,183	3,683
Pension scheme contributions	183	312	378	146	116
Total	1,573	16,802	13,249	4,329	3,799

(a) Independent non-executive directors

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2017			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	–	–	–
Year ended 31 December 2018			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	–	–	–

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2019			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>
Four months ended 30 April 2020			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>
Four months ended 30 April 2019 (unaudited)			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>

(b) Executive directors

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2017			
Executive directors:			
– Mr. Chen Guoxiang	400	7	407
– Mr. Chen Hongni	–	–	–
– Ms. Yao Xiaozhen	542	88	630
– Mr. Zhao Leiyi	448	88	536
	<u>1,390</u>	<u>183</u>	<u>1,573</u>
Year ended 31 December 2018			
Executive directors:			
– Mr. Chen Guoxiang	1,350	–	1,350
– Mr. Chen Hongni	4,342	108	4,450
– Ms. Yao Xiaozhen	6,103	124	6,227
– Mr. Zhao Leiyi	4,695	80	4,775
	<u>16,490</u>	<u>312</u>	<u>16,802</u>
Year ended 31 December 2019			
Executive directors:			
– Mr. Chen Guoxiang	1,350	–	1,350
– Mr. Chen Hongni	4,683	87	4,770
– Ms. Yao Xiaozhen	3,771	142	3,913
– Mr. Zhao Leiyi	3,067	149	3,216
	<u>12,871</u>	<u>378</u>	<u>13,249</u>
Four months ended 30 April 2020			
Executive directors:			
– Mr. Chen Guoxiang	450	–	450
– Mr. Chen Hongni	1,567	19	1,586
– Ms. Yao Xiaozhen	833	49	882
– Mr. Zhao Leiyi	833	48	881
	<u>3,683</u>	<u>116</u>	<u>3,799</u>
Four months ended 30 April 2019 (unaudited)			
Executive directors:			
– Mr. Chen Guoxiang	450	–	450
– Mr. Chen Hongni	1,567	29	1,596
– Ms. Yao Xiaozhen	1,150	58	1,208
– Mr. Zhao Leiyi	1,017	58	1,075
	<u>4,184</u>	<u>145</u>	<u>4,329</u>

Mr. Chen Guoxiang is the chairman and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 included 3, 3, 2, and 3 directors, respectively, details of whose remuneration are set out in note 8 above. For the four months ended 30 April 2020, since there were two employees enjoyed the same total amount of remunerations as the fifth highest, the disclosure below includes six employees in total. The six highest paid employees for the four months ended 30 April 2020 included 3 directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020 of the remaining 2, 2, and 3, 2, and 3 highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	1,095	5,715	11,667	2,250	2,500
Pension scheme contributions	168	107	398	116	154
Total	1,263	5,822	12,065	2,366	2,654

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
				(unaudited)	
HK\$500,001 to HK\$1,000,000	2	–	–	–	3
HK\$1,000,001 to HK\$1,500,000	–	–	–	2	–
HK\$1,500,001 to HK\$2,000,000	–	–	–	–	–
HK\$2,000,001 to HK\$2,500,000	–	–	–	–	–
HK\$2,500,001 to HK\$3,000,000	–	–	–	–	–
HK\$3,000,001 to HK\$3,500,000	–	2	–	–	–
HK\$3,500,001 to HK\$4,000,000	–	–	–	–	–
HK\$4,000,001 to HK\$4,500,000	–	–	1	–	–
HK\$4,500,001 to HK\$5,000,000	–	–	2	–	–
Total	2	2	3	2	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods and the four months ended 30 April 2019.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the Relevant Periods and the four months ended 30 April 2019.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC corporate income tax	500,293	901,296	1,596,364	228,962	353,434
PRC LAT	118,397	138,881	995,483	37,696	244,740
Deferred tax (<i>note 19</i>)	(624,585)	(782,055)	(270,454)	(219,855)	(130,583)
Total tax(credit)/charge for the year/period	(5,895)	258,122	2,321,393	46,803	467,591

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the four months ended 30 April 2019 is as follows:

	31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss)/profit before tax	(291,844)	686,062	5,530,348	(68,811)	1,067,936
At the statutory income tax rate	(72,961)	171,516	1,382,587	(17,203)	266,984
Expenses not deductible for tax*	13,517	37,243	89,166	16,651	11,489
Income not subject to tax**	(18,808)	(60,351)	(247)	(173)	(381)
Profits and losses attributable to joint ventures and associates	35	15,355	10,786	2,971	(7,270)
Deductible temporary differences and tax losses utilised from previous years	(40,148)	(38,116)	(28,979)	(917)	(6,234)
Tax losses not recognised	20,518	14,120	78,046	12,960	15,775
Unrecognised deductible temporary differences	3,154	14,194	43,422	4,242	3,673
Provision for LAT	118,397	138,881	995,483	37,696	244,740
Tax effect on LAT	(29,599)	(34,720)	(248,871)	(9,424)	(61,185)
Tax (credit)/charge at the Group's effective rate	(5,895)	258,122	2,321,393	46,803	467,591

* Expenses not deductible for tax mainly comprised of entertainment expense and employee's welfare exceeding the deduction limits, charges without invoices and impairment of investment in joint venture, which are not deductible before tax under the Enterprise Income Tax Law of the PRC.

** Income not subject to tax mainly arises from gain on acquisition of subsidiaries and dissolution of loss-making subsidiaries.

The share of tax charges attributable to joint ventures and associates amounted to RMB1,454,000, RMB913,000 and RMB13,785,000, RMB1,606,000 (unaudited) and RMB20,868,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively. The share of tax credit attributable to joint ventures and associates amounted to RMB1,501,000, RMB21,387,000 and RMB28,166,000, RMB5,567,000 (unaudited) and RMB11,175,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively. These amounts are included in "Share of profits and losses of joint ventures and associates" in the combined statements of profit or loss and other comprehensive income.

Tax payable in the combined statements of financial position represents the following:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax payable:				
PRC corporate income tax	365,010	540,148	1,435,996	1,558,247
PRC LAT	102,502	26,070	487,182	702,124
	<u>467,512</u>	<u>566,218</u>	<u>1,923,178</u>	<u>2,260,371</u>

11. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017						
At 1 January 2017:						
Cost	276,898	58,296	58,940	–	91,962	486,096
Accumulated depreciation	(40,799)	(42,751)	(35,647)	–	(42,085)	(161,282)
Net carrying amount	<u>236,099</u>	<u>15,545</u>	<u>23,293</u>	<u>–</u>	<u>49,877</u>	<u>324,814</u>
At 1 January 2017, net of accumulated depreciation	236,099	15,545	23,293	–	49,877	324,814
Additions	22,906	23,137	11,631	136	25,858	83,668
Acquisition of subsidiaries (<i>note 36</i>)	249,700	1,446	25,474	–	748	277,368
Disposals	(3,995)	(449)	(85)	–	(11,680)	(16,209)
Depreciation provided during the year (<i>note 6</i>)	<u>(16,359)</u>	<u>(9,968)</u>	<u>(12,134)</u>	<u>–</u>	<u>(9,087)</u>	<u>(47,548)</u>
At 31 December 2017, net of accumulated depreciation	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>
At 31 December 2017:						
Cost	544,950	81,399	103,128	136	89,568	819,181
Accumulated depreciation	<u>(56,599)</u>	<u>(51,688)</u>	<u>(54,949)</u>	<u>–</u>	<u>(33,852)</u>	<u>(197,088)</u>
Net carrying amount	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2018						
At 1 January 2018:						
Cost	544,950	81,399	103,128	136	89,568	819,181
Accumulated depreciation	(56,599)	(51,688)	(54,949)	–	(33,852)	(197,088)
Net carrying amount	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>
At 1 January 2018, net of accumulated depreciation	488,351	29,711	48,179	136	55,716	622,093
Additions	49	20,288	15,937	417	8,457	45,148
Acquisition of subsidiaries (<i>note 36</i>)	–	–	335	–	–	335
Transfers	–	–	136	(136)	–	–
Disposals	(6,020)	(624)	(3,392)	–	(12,136)	(22,172)
Disposal of subsidiaries (<i>note 37</i>)	–	–	(3)	–	–	(3)
Depreciation provided during the year (<i>note 6</i>)	<u>(18,162)</u>	<u>(11,987)</u>	<u>(16,608)</u>	<u>–</u>	<u>(5,031)</u>	<u>(51,788)</u>
At 31 December 2018, net of accumulated depreciation	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>
At 31 December 2018:						
Cost	535,980	83,780	112,671	417	80,893	813,741
Accumulated depreciation	(71,762)	(46,392)	(68,087)	–	(33,887)	(220,128)
Net carrying amount	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2019						
At 1 January 2019:						
Cost	535,980	83,780	112,671	417	80,893	813,741
Accumulated depreciation	(71,762)	(46,392)	(68,087)	–	(33,887)	(220,128)
Net carrying amount	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>
At 1 January 2019, net of accumulated depreciation	464,218	37,388	44,584	417	47,006	593,613
Additions	734	2,596	3,998	2,748	4,526	14,602
Acquisition of subsidiaries (<i>note 36</i>)	–	60	345	–	–	405
Transfers	–	–	417	(417)	–	–
Disposals	–	(2,078)	(1,391)	–	(7,253)	(10,722)
Disposal of subsidiaries (<i>note 37</i>)	–	(521)	(80)	–	(395)	(996)
Transfer to a subsidiary held for sale	–	(44)	–	–	–	(44)
Depreciation provided during the year (<i>note 6</i>)	(17,867)	(11,892)	(13,401)	–	(14,462)	(57,622)
At 31 December 2019, net of accumulated depreciation	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>
At 31 December 2019:						
Cost	536,714	75,113	113,220	2,748	77,431	805,226
Accumulated depreciation	(89,629)	(49,604)	(78,748)	–	(48,009)	(265,990)
Net carrying amount	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 April 2020						
At 1 January 2020:						
Cost	536,714	75,113	113,220	2,748	77,431	805,226
Accumulated depreciation	(89,629)	(49,604)	(78,748)	–	(48,009)	(265,990)
Net carrying amount	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>
At 1 January 2020, net of accumulated depreciation	447,085	25,509	34,472	2,748	29,422	539,236
Additions	–	4,811	648	75	794	6,328
Transferred to investment properties (note 15)	(359,905)	–	–	–	–	(359,905)
Disposals	(205)	(682)	(1,863)	–	(35)	(2,785)
Disposal of subsidiaries	–	(137)	(10,126)	–	–	(10,263)
Depreciation provided during the period (note 6)	(6,718)	(7,810)	(4,360)	–	(5,909)	(24,797)
At 30 April 2020, net of accumulated depreciation	<u>80,257</u>	<u>21,691</u>	<u>18,771</u>	<u>2,823</u>	<u>24,272</u>	<u>147,814</u>
At 30 April 2020:						
Cost	108,595	76,602	78,844	2,823	78,190	345,054
Accumulated depreciation	(28,338)	(54,911)	(60,073)	–	(53,918)	(197,240)
Net carrying amount	<u>80,257</u>	<u>21,691</u>	<u>18,771</u>	<u>2,823</u>	<u>24,272</u>	<u>147,814</u>

Certain of the Group's property, plant and equipment with amounts of approximately RMB286,922,000, RMB249,442,000, RMB250,130,000 and RMB5,631,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30). Certain of the Group's property, plant and equipment with amount of approximately RMB135,187,000 as at 30 April 2020, has been pledged to secure bank borrowings granted to the related parties (note 40).

14. LEASES

The Group as a lessee

The Group has lease contracts for office buildings and motor vehicles. Leases of office buildings generally have lease terms between 2 and 6 years, and leases of motor vehicles generally have lease terms of 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets - Office buildings*

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	4,920	13,131	56,300	112,991
Additions	10,948	56,707	101,363	–
Acquisition of a subsidiary (note 36)	733	–	–	–
Depreciation provided during the year/period (note 6)	(3,470)	(13,538)	(44,672)	(14,623)
Carrying amount at the end of the year/period	<u>13,131</u>	<u>56,300</u>	<u>112,991</u>	<u>98,368</u>

(b) *Other right-of-use assets - Motor vehicles*

The carrying amounts of the Group's other right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	–	420	325	230
Additions	475	–	–	–
Depreciation provided during the year/period (note 6)	(55)	(95)	(95)	(33)
Carrying amount at the end of the year/period	<u>420</u>	<u>325</u>	<u>230</u>	<u>197</u>

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	5,272	14,829	58,743	125,590
New leases	9,824	51,471	88,843	–
Acquisition of a subsidiary (note 36)	733	–	–	–
Accretion of interest recognised during the year/period	1,358	1,561	7,340	3,031
Payments	(2,358)	(9,118)	(29,336)	(4,920)
Carrying amount at the end of the year/period	14,829	58,743	125,590	123,701
Analysed into:				
Current portion	7,078	30,812	50,744	52,078
Non-current portion	7,751	27,931	74,846	71,623

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities (note 7)	1,358	1,561	7,340	1,184	3,031
Depreciation charge of right-of-use assets	3,525	13,633	44,767	14,576	14,656
Rental expense for short-term leases	4,201	18,093	15,936	14,434	3,787
Rental expense for leases of low-value assets	66	267	352	307	163
Total amount recognised in profit or loss	9,150	33,554	68,395	30,501	21,637

*(e) The total cash outflow for leases is disclosed in note 35 to the Historical Financial Information.***The Group as a lessor**

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Relevant Periods was RMB14,042,000, RMB14,563,000, RMB12,619,000, RMB3,789,000 (unaudited) and RMB16,068,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively, details of which are included in note 5 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	14,400	15,397	16,462	57,829
After one year but within two years	13,886	14,751	12,502	78,120
After two years but within three years	13,717	11,335	10,908	77,038
After three years but within four years	10,356	9,789	10,908	30,031
After four years but within five years	9,789	9,789	9,825	26,919
After five years	51,707	41,918	32,092	94,381
	<u>113,855</u>	<u>102,979</u>	<u>92,697</u>	<u>364,318</u>

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2017	502,114	–	502,114
Acquisition of subsidiaries (<i>note 36</i>)	48,670	–	48,670
Net gain from a fair value adjustment	<u>17,285</u>	<u>–</u>	<u>17,285</u>
Carrying amount at 31 December 2017 and 1 January 2018	568,069	–	568,069
Additions	–	520,511	520,511
Net gain from a fair value adjustment	<u>13,489</u>	<u>489</u>	<u>13,978</u>
Carrying amount at 31 December 2018 and 1 January 2019	581,558	521,000	1,102,558
Additions	–	367,666	367,666
Transferred from investment properties under construction	888,666	(888,666)	–
Net gain from a fair value adjustment	<u>22,406</u>	<u>–</u>	<u>22,406</u>
Carrying amount at 31 December 2019 and 1 January 2020	1,492,630	–	1,492,630
Additions	–	–	–
Transferred from property, plant and equipment (<i>note 13</i>)	359,905	–	359,905
Revaluation gains on transfer from property, plant and equipment to investment properties	161,395	–	161,395
Net gain from a fair value adjustment	<u>854</u>	<u>–</u>	<u>854</u>
Carrying amount at 30 April 2020	<u>2,014,784</u>	<u>–</u>	<u>2,014,784</u>

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2017, 2018 and 2019 and 30 April 2020 based on valuations performed by Jones Lang LaSalle (JLL), an independent professionally qualified valuer, at RMB568,069,000, RMB1,102,558,000, RMB1,492,630,000 and RMB2,014,784,000, respectively. The Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with carrying amounts of approximately RMB196,040,000, RMB200,818,000, RMB203,081,000 and RMB244,700,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30). Certain of the Group's investment properties with carrying amount of approximately RMB121,912,000 as at 30 April 2020, has been pledged to secure bank borrowings granted to the related parties (note 40).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2017 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for: Commercial properties Completed			
–	–	568,069	568,069
Fair value measurement as at 31 December 2018 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for: Commercial properties Under construction			
–	–	521,000	521,000
Completed			
–	–	581,558	581,558
–	–	1,102,558	1,102,558

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Completed	—	—	1,492,630	1,492,630

	Fair value measurement as at 30 April 2020 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Completed	—	—	2,014,784	2,014,784

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 31 December			30 April
			2017	2018	2019	2020
Commercial properties completed	Income approach	Expected rental value (per square metre and per month)	RMB14-132	RMB15-134	RMB15-138	RMB15-138
		Capitalisation rate	3.0%-6.0%	3.0%-6.0%	3.0%-6.0%	3.0%-6.0%
Commercial properties under construction	Comparison method	Expected rental value (per square metre and per month)	–	RMB60-138	–	–
		Capitalisation rate	–	3.0%-5.0%	–	–
		Expected profit margin	–	4%	–	–

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of most of the commercial properties under construction is determined using the comparison method, with reference to comparable rental prices as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance costs and professional fees to be expensed to complete the properties that would be incurred by a market participant;
- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

A higher expected rental value would result in a higher fair value of the investment properties under construction.

A higher capitalisation rate would result in a lower fair value of the investment properties under construction.

A higher expected profit margin would result in a lower fair value of the investment properties under construction.

16. INTANGIBLE ASSETS

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Software				
At the beginning of the year/period				
Cost	4,504	7,631	11,861	17,306
Accumulated amortisation	(333)	(1,056)	(1,993)	(5,634)
Net carrying amount	4,171	6,575	9,868	11,672
Carrying amount at beginning of the year/period	4,171	6,575	9,868	11,672
Additions	2,878	4,230	5,453	1,555
Acquisition of subsidiaries (note 36)	249	–	–	–
Disposal of a subsidiary (note 37)	–	–	–	(64)
Disposal	–	–	–	(101)
Amortisation provided during the year/period (note 6)	(723)	(937)	(3,649)	(1,110)
Carrying amount at the end of the year/period	6,575	9,868	11,672	11,952
At the end of the year/period:				
Cost	7,631	11,861	17,306	18,455
Accumulated amortisation	(1,056)	(1,993)	(5,634)	(6,503)
Net carrying amount	6,575	9,868	11,672	11,952

17. INVESTMENTS IN JOINT VENTURES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	123,470	105,337	529,816	888,832
Goodwill on acquisition	235,864	235,864	235,864	235,864
Impairment	—	—	(53,000)	(53,000)
Carrying amount of the investment	359,334	341,201	712,680	1,071,696

The Group's receivable and payable balances with joint ventures are disclosed in note 40 to the Historical Financial Information.

(a) Particulars of the Group's principal joint ventures, all of which principally operate in Mainland China:

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
洪湖市祥生置業有限公司* Honghu Shinsun Real Estate Co., Ltd. ("Honghu Shinsun Real Estate")	Hubei, PRC 2004	RMB30,000	50%	Property development
溫州祥生多弗置業有限公司 (note 7) Wenzhou Shinsun Duofu Real Estate Co., Ltd. ("Wenzhou Shinsun Duofu")	Zhejiang, PRC 2017	RMB50,000	50%	Property development
仙桃祥榮房地產開發有限公司* Xiantao Xiangrong Real Estate Development Co., Ltd. ("Xiantao Xiangrong")	Hubei, PRC 2011	RMB50,000	45%	Property development
湖北祥生仙苑國際大酒店管理有限公司* Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd. ("Shinsun Fairyland Hotel Management")	Hubei, PRC 2012	RMB40,000	45%	Hotel management
湖州交投祥生房地產開發有限公司 Huzhou Jiaotou Shinsun Real Estate Development Co., Ltd. ("Huzhou Jiaotou Shinsun")	Zhejiang, PRC 2017	RMB50,000	50%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
湖州吳興交投祥生置業有限公司 Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd. (“Huzhou Wuxing Jiaotou”)	Zhejiang, PRC 2017	RMB50,000	50%	Property development
浙江發現島文化旅遊有限公司 (note 1) Zhejiang Fa Xian Dao Cultural Tourism Co., Ltd. (“Zhejiang Fa Xian Dao Cultural Tourism”)	Zhejiang, PRC 2014	RMB100,000	60%	Property development and cultural tourism
杭州祥生宜景房地產開發有限公司 Hangzhou Shinsun Yijing Real Estate Development Co., Ltd. (“Hangzhou Shinsun Yijing”)	Zhejiang, PRC 2017	RMB50,000	40%	Property development
揚州祥生可宇置業有限公司 (note 1) Yangzhou Shinsun Keyu Real Estate Co., Ltd. (“Yangzhou Shinsun Keyu”)	Jiangsu, PRC 2007	RMB50,000	61%	Property development
杭州仁遠房地產開發有限公司 (note 2) Hangzhou Renyuan Real Estate Development Co., Ltd. (“Hangzhou Renyuan”)	Zhejiang, PRC 2018	RMB50,000	29%	Property development
南京市頤輝置業有限公司 (note 4) Nanjing Yihui Real Estate Co., Ltd. (“Nanjing Yihui”)	Jiangsu, PRC 2018	RMB500,000	30%	Property development
寧波祥生弘盛房地產開發有限公司 Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd. (“Ningbo Shinsun Hongsheng”)	Zhejiang, PRC 2019	RMB100,000	50%	Property development
宿遷祥宿房地產開發有限公司 Suqian Xiangsu Real Estate Development Co., Ltd. (“Suqian Xiangsu”)	Jiangsu, PRC 2019	RMB20,000	50%	Property development
諸暨祥生弘瑞置業有限公司 (note 1) Zhuji Shinsun Hongrui Real Estate Co., Ltd. (“Zhuji Shinsun Hongrui”)	Zhejiang, PRC 2018	RMB20,000	51%	Property development
諸暨祥生祥駿置業有限公司 (note 3) Zhuji Shinsun Xiangjun Real Estate Co., Ltd. (“Zhuji Shinsun Xiangjun”)	Zhejiang, PRC 2019	RMB400,000	31%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
諸暨市萬祥房地產開發有限公司 (note 5) Zhuji Wanxiang Real Estate Development Co., Ltd. ("Zhuji Wanxiang")	Zhejiang, PRC 2018	RMB20,000	35%	Property development
江西福田益壽投資開發有限公司 Jiangxi Futian Yishou Investment Development Co., Ltd. ("Jiangxi Futian Yishou Investment Development")	Jiangxi, PRC 2015	RMB50,000	50%	Property development
安慶金世祥房地產開發有限公司 (note 6) Anqing Jinshixiang Real Estate Development Co., Ltd. ("Anqing Jinshixiang Real Estate")	Anhui, PRC 2019	RMB100,000	33%	Property development
諸暨祥生弘鵬置業有限公司 (note 1) Zhuji Shinsun Hongpeng Real Estate Co., Ltd. ("Zhuji Shinsun Hongpeng Real Estate")	Zhejiang, PRC 2019	RMB300,000	50.1%	Property development
杭州鴻煊企業管理諮詢有限公司 (note 8) Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd. ("Hangzhou Hongxuan")	Zhejiang, PRC 2017	RMB65,000	33%	Investment holding
寧波融輝置業有限公司 (note 8) Ningbo Ronghui Real Estate Co., Ltd. ("Ningbo Ronghui Real Estate")	Zhejiang, PRC 2019	RMB20,000	33%	Property development
臨海紫元銀通置業有限公司 (note 9) Linhai Ziyuan Yintong Real Estate Co., Ltd. ("Linhai Ziyuan")	Zhejiang, PRC 2014	RMB20,000	58.5%	Property development

* Honghu Shinsun Real Estate, Xiantao Xiangrong and Shinsun Fairyland Hotel Management were the then joint ventures of the Group and have become the subsidiaries of the Group since May 2017, further details of which are included in note 36 to the Historical Financial Information.

Note 1: Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the Relevant Periods.

Note 2: During the Relevant Periods, Hangzhou Renyuan had four shareholders holding 29%, 50%, 20% and 1% equity interests, respectively. Pursuant to the articles of association of Hangzhou Renyuan, all shareholders' resolutions of Hangzhou Renyuan shall be resolved by four shareholders on a unanimous basis. Therefore, Hangzhou Renyuan was accounted for as a joint venture of the Group notwithstanding that the Group only held a 29% equity interest during the Relevant Periods.

- Note 3:* During the Relevant Periods, Zhuji Shinsun Xiangjun had four shareholders holding 31%, 49%, 10.5% and 9.5% equity interests, respectively. Pursuant to the articles of association of Zhuji Shinsun Xiangjun, all shareholders' resolutions of Zhuji Shinsun Xiangjun shall be resolved by the four shareholders on a unanimous basis. Therefore, Zhuji Shinsun Xiangjun was accounted for as a joint venture of the Group notwithstanding that the Group only held a 31% equity interest during the Relevant Periods.
- Note 4:* During the Relevant Periods, Nanjing Yihui had three shareholders holding 30%, 35% and 35% equity interests, respectively. Pursuant to the articles of association of Nanjing Yihui, all shareholders' resolutions of Nanjing Yihui shall be resolved by the three shareholders on a unanimous basis. Therefore, Nanjing Yihui was accounted for as a joint venture of the Group notwithstanding that the Group only held a 30% equity interest during the Relevant Periods.
- Note 5:* During the Relevant Periods, Zhuji Wanxiang had two shareholders holding 35% and 65% equity interests, respectively. Pursuant to the articles of association of Zhuji Wanxiang, all shareholders' resolutions of Zhuji Wanxiang shall be resolved by the two shareholders on a unanimous basis. Therefore, Zhuji Wanxiang was accounted for as a joint venture of the Group notwithstanding that the Group only held a 35% equity interest during the Relevant Periods.
- Note 6:* During the Relevant Periods, Anqing Jinshixiang Real Estate had three shareholders holding 33%, 33% and 34% equity interests, respectively. Pursuant to the articles of association of Anqing Jinshixiang Real Estate, all shareholders' resolutions of Anqing Jinshixiang Real Estate shall be resolved by the three shareholders on a unanimous basis. Therefore, Anqing Jinshixiang Real Estate was accounted for as a joint venture of the Group notwithstanding that the Group only held a 33% equity interest during the Relevant Periods.
- Note 7:* Wenzhou Shinsun Duofu was a joint venture of the Group in 2017. Pursuant to the share transfer agreement dated 18 June 2018, the Group disposed of its 50% equity interest in Wenzhou Shinsun Duofu to 溫州多弗地產集團有限公司 ("Wenzhou Duofu Real Estate Group Co., Ltd.").
- Note 8:* On 17 December 2019, the Group acquired 33% of Hangzhou Hongxuan. Pursuant to the articles of association of Hangzhou Hongxuan, all shareholder resolutions of Hangzhou Hongxuan would be resolved by three shareholders on a unanimous basis. Ningbo Ronghui Real Estate was the wholly-owned subsidiary of Hangzhou Hongxuan. Therefore, Hangzhou Hongxuan and Ningbo Ronghui Real Estate were accounted for as joint ventures of the Group. Pursuant to the share transfer agreement dated January 2020, the Group disposed of its 33% equity interest in Hangzhou Hongxuan. Accordingly, Hangzhou Hongxuan and Ningbo Ronghui Real Estate were no longer joint ventures of the Group thereafter.
- Note 9:* Linhai Ziyuan was a subsidiary of the Group and has become the joint venture of the Group since April 2020. For details, please refer to note 37 (I).

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

- (b) Zhejiang Fa Xian Dao Cultural Tourism is considered as material joint venture of the Group during the Relevant Periods, principally engaged in a property development in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information of Zhejiang Fa Xian Dao Cultural Tourism:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	675	510	447	586
Other current assets	496,911	403,249	424,423	427,801
Current assets	497,586	403,759	424,870	428,387
Non-current assets, excluding goodwill	20,256	15,660	15,758	13,739
Goodwill on acquisition of the joint venture (less cumulative impairment)	235,864	235,864	182,864	182,864
Current financial liabilities (excluding trade and other payables and provisions)	–	–	(4,293)	–
Other current liabilities	(404,861)	(308,712)	(336,648)	(342,736)
Current liabilities	(404,861)	(308,712)	(340,941)	(342,736)
Non-current financial liabilities (excluding trade and other payables and provisions)	(13,256)	(8,823)	–	–
Non-current liabilities	(13,256)	(8,823)	–	–
Net asset	335,589	337,748	282,551	282,254
Net asset, excluding goodwill	99,725	101,884	99,687	99,390
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	60%	60%	60%	60%
Group's share of net assets of the joint venture, excluding goodwill	59,835	61,130	59,812	59,634
Goodwill on acquisition (less cumulative impairment)	235,864	235,864	182,864	182,864
Carrying amount of the investment	295,699	296,994	242,676	242,498

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	17,635	5,841	–	576
Profit/(loss) for the year/period	6,948	2,159	(2,197)	(297)
The above profit for the year/period includes the following:				
Depreciation and amortisation	(18)	(18)	(18)	(6)
Interest income	3	3	2	–
Interest expense	(597)	(7)	(360)	(2)
Income tax expense	–	–	–	–

The Group entered into an agreement with 浙江博地旅遊有限公司 (Zhejiang Bodi Tourism Co., Ltd.) to jointly develop a tourism complex beside Tai Lake in May 2017. In 2019, due to the change of land planning of the local government, the development was suspended. The directors of the Company assessed the recoverable amount as at 31 December 2019 based on the land price of the neighbouring regions and provided impairment provision of RMB53,000,000.

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profits and losses for the year/period	(2,961)	(31,787)	(53,326)	42,413
Share of the joint ventures' total comprehensive loss/(income) for the year/period	(2,961)	(31,787)	(53,326)	42,413
Aggregate carrying amount of the Group's investments in the joint ventures	63,635	44,207	470,004	829,198

The joint ventures have been accounted for using the equity method in this Historical Financial Information.

Except for the impairment of the investment in Zhejiang Fa Xian Dao Cultural Tourism as disclosed in note (b) above, the projects of joint ventures are still under development and have not yet recognised revenue, the directors of the Company expect that these projects will be profitable in the future and no provision for impairment for other investments in joint ventures was necessary as at 31 December 2017, 2018 and 2019 and 30 April 2020.

18. INVESTMENTS IN ASSOCIATES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	83,086	370,813	742,052	702,087

The Group's receivable and payable balances with associates are disclosed in note 40 to the Historical Financial Information.

(a) **Particulars of the Group's principal associates, all of which principally operate in Mainland China:**

Name of companies	Place and year of registration	Nominal value of registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
		('000)		
溫州多弗祥生置業有限公司* Wenzhou Duofu Shinsun Real Estate Co., Ltd. ("Wenzhou Duofu Shinsun Real Estate")	Zhejiang, PRC 2017	RMB50,000	49%	Property development
杭州祥生弘瑞房地產開發有限公司 Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd. ("Hangzhou Shinsun Hongrui Real Estate")	Zhejiang, PRC 2017	RMB50,000	49%	Property development
諸暨鴻迪祥生房地產開發有限公司** Zhuji Hongdi Shinsun Real Estate Development Co., Ltd. ("Zhuji Hongdi Shinsun Real Estate")	Zhejiang, PRC 2010	RMB100,000	20%	Property development
寧波中城聯合物產有限公司*** Ningbo Zhongcheng United Property Co., Ltd. ("Ningbo Zhongcheng United Property")	Zhejiang, PRC 2016	RMB125,000	20%	Wholesale/retail
泰興祥生置業有限公司 Taixing Shinsun Real Estate Co., Ltd. ("Taixing Shinsun Real Estate")	Jiangsu, PRC 2007	RMB20,000	20%	Property development
諸暨溪園文旅小鎮投資有限公司 Zhuji Xiyuan Cultural Tourism Investment Co., Ltd. ("Zhuji Xiyuan Cultural Tourism Investment")	Zhejiang, PRC 2017	RMB100,000	30%	Cultural tourism
定遠縣遠碧房地產開發有限公司 Dingyuan Yuanbi Real Estate Development Co., Ltd. ("Dingyuan Yuanbi Real Estate")	Anhui, PRC 2017	RMB200,000	49%	Property development
如東新碧房地產開發有限公司 Rudong Xinbi Real Estate Development Co., Ltd. ("Rudong Xinbi Real Estate")	Jiangsu, PRC 2017	RMB20,000	49%	Property development
天長市新碧房地產開發有限公司 Tianchang Xinbi Real Estate Development Co., Ltd. ("Tianchang Xinbi Real Estate")	Anhui, PRC 2017	RMB120,000	49%	Property development
寧波祥生弘遠房地產開發有限公司 Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd. ("Ningbo Shinsun Hongyuan")	Zhejiang, PRC 2018	RMB400,000	49%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
寧波圓盛企業管理諮詢有限公司 Ningbo Yuansheng Enterprise Management Consulting Co., Ltd. ("Ningbo Yuansheng Enterprise Management")	Zhejiang, PRC 2019	RMB612,000	49%	Investment holding
鎮江科生房地產開發有限公司 Zhenjiang Kesheng Real Estate Development Co., Ltd. ("Zhenjiang Kesheng Real Estate")	Jiangsu, PRC 2019	RMB255,018	40%	Property development

* On 19 June 2018, the Group acquired 51% of equity interests of Wenzhou Duofu Shinsun Real Estate from Wenzhou Duofu Real Estate Group Co., Ltd. and thereafter accounted for Wenzhou Duofu Shinsun Real Estate as a wholly-owned subsidiary. For details, please refer to note 36.

** During the Relevant Periods, 浙江諸暨祥生宏宇房地產開發有限公司 (Zhejiang Zhuji Shinsun Hongyu Real Estate Development Co., Ltd., "Zhuji Hongyu") was a subsidiary of the Group and held 20% equity interests of Zhuji Hongdi Shinsun Real Estate. Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Hongyu to 諸暨國躍企業管理諮詢有限公司 (Zhuji Guoyue Management Consulting Co., Ltd). Accordingly, Zhuji Hongdi Shinsun Real Estate was no longer an associate of the Group thereafter.

*** During the Relevant Periods, Ningbo Zhongcheng United Property was an associate of the Group. Pursuant to the share transfer agreement dated 19 January 2020, the Group disposed of its 20% equity interest in Ningbo Zhongcheng United Property to 寧波中城新能源產業投資管理有限公司 (Ningbo Zhongcheng New Energy Industry Investment Management Co., Ltd). Accordingly, Ningbo Zhongcheng United Property was no longer an associate of the Group thereafter.

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

- (b) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' profits and losses for the year/period	(1,349)	(30,929)	11,502	(13,154)
Share of the associates' total comprehensive (loss)/income for the year/period	(1,349)	(30,929)	11,502	(13,154)
Aggregate carrying amount of the Group's investments in the associates	83,086	370,813	742,052	702,087

The associates have been accounted for using the equity method in this Historical Financial Information.

As at 31 December 2017, 2018 and 2019 and 30 April 2020, the projects of associates are still under construction and have not yet recognised revenue, the directors of the Company expects that the projects will be profitable in the future and no provision for impairment for investments in associates was necessary.

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Expenses for offsetting against future taxable profits	Impairment of assets	Unrealised revenue in contract liabilities	Accrued LAT	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	77,912	550	978	188,969	–	268,409
Acquisition of subsidiaries (note 36)	3,212	–	1,048	46,368	271	50,899
Deferred tax credited/(charged) to profit or loss during the year (note 10)	19,396	9,879	(1,541)	596,784	1,332	625,850
At 31 December 2017 and 1 January 2018	100,520	10,429	485	832,121	1,603	945,158
Deferred tax credited to profit or loss during the year (note 10)	8,192	50,151	1,498	712,011	4,321	776,173
At 31 December 2018 and 1 January 2019	108,712	60,580	1,983	1,544,132	5,924	1,721,331
Acquisition of subsidiaries (note 36)	–	–	–	4,154	–	4,154
Deferred tax credited to profit or loss during the year (note 10)	62,707	17,497	603	93,422	94,251	268,480
At 31 December 2019 and 1 January 2020	171,419	78,077	2,586	1,641,708	100,175	1,993,965
Disposal of subsidiaries (note 37)	(4,073)	–	–	–	–	(4,073)
Deferred tax credited to profit or loss during the period (note 10)	8,087	3,523	1,653	58,384	44,398	116,045
At 30 April 2020	175,433	81,600	4,239	1,700,092	144,573	2,105,937

Deferred tax liabilities

	Fair value adjustments arising from financial assets at FVTPL	Fair value adjustments arising from investment properties	Fair value adjustments arising from business combinations	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	–	77,929	–	77,929
Deferred tax charged/(credited) to profit or loss during the year (note 10)	123	7,698	(6,556)	1,265
Acquisition of subsidiaries (note 36)	–	–	135,226	135,226
At 31 December 2017 and 1 January 2018	123	85,627	128,670	214,420
Deferred tax charged/(credited) to profit or loss during the year (note 10)	7	6,118	(12,007)	(5,882)
At 31 December 2018 and 1 January 2019	130	91,745	116,663	208,538
Acquisition of subsidiaries (note 36)	–	–	2,670	2,670
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(112)	11,426	(13,288)	(1,974)
At 31 December 2019 and 1 January 2020	18	103,171	106,045	209,234
Deferred tax credited other comprehensive income during the period	–	40,348	–	40,348
Deferred tax charged/(credited) to profit or loss during the period (note 10)	1,520	1,585	(17,643)	(14,538)
At 30 April 2020	1,538	145,104	88,402	235,044

No deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the combined statements of financial position	921,582	1,702,789	1,960,579	2,095,252
Net deferred tax liabilities recognised in the combined statements of financial position	(190,844)	(189,996)	(175,848)	(224,359)
	730,738	1,512,793	1,784,731	1,870,893

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2017, 2018 and 2019 and 30 April 2020 no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to approximately RMB69,885,000, RMB157,619,000, RMB413,833,000 and RMB489,299,000 as at 31 December, 2017, 2018 and 2019 and 30 April 2020, respectively.

Deferred tax assets have not been recognised in respect of the following items:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	206,040	150,840	458,723	496,138
Deductible temporary differences	686,995	702,986	765,455	780,484
	893,035	853,826	1,224,178	1,276,622

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the Group did not recognise deferred tax assets of approximately RMB51,510,000, RMB37,710,000, RMB114,681,000 and RMB124,035,000 in respect of losses.

The relevant tax losses can be carried forward to offset against future taxable income in one to five years.

20. PROPERTIES UNDER DEVELOPMENT

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	18,663,658	51,665,579	88,598,436	92,688,528
Additions	38,396,327	47,329,506	35,531,463	11,403,439
Disposal of subsidiaries (note 37)	—	—	(214,298)	—
Returned to the government*	—	—	(786,385)	—
Sale of properties under development	—	—	(187,425)	—
Transferred to completed properties held for sale (note 21)	(5,640,999)	(10,437,372)	(30,343,921)	(5,307,489)
Impairment losses transferred to completed properties held for sale (note 21)	246,593	40,723	90,658	10,788
Carrying amount at the end of the year/period	51,665,579	88,598,436	92,688,528	98,795,266

* According to the latest planning scheme of local government, two pieces of land which were originally acquired by the Group were taken back by the government

The movements in provision for impairment of properties under development are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	647,995	401,402	360,679	270,021
Impairment losses transferred to completed properties held for sale (note 21)	(246,593)	(40,723)	(90,658)	(10,788)
At the end of the year/period	401,402	360,679	270,021	259,233

The Group's properties under development are situated on leasehold land in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB32,493,650,000, RMB36,365,857,000 and RMB52,312,465,000 and RMB50,830,980,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30).

21. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	3,700,937	3,872,130	3,114,046	5,393,412
Acquisition of subsidiaries (note 36)	176,480	–	–	–
Transferred from properties under development (note 20)	5,394,406	10,396,649	30,253,263	5,296,701
Disposal of subsidiaries (note 37)	–	–	(998,791)	–
Transferred to cost of inventories sold (note 6)	(5,399,693)	(11,154,733)	(26,975,106)	(6,770,162)
Carrying amount at the end of the year/period	3,872,130	3,114,046	5,393,412	3,919,951

The movements in provision for impairment of completed properties held for sale are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	96,646	191,214	168,772	159,351
Impairment losses transferred from properties under development (note 20)	246,593	40,723	90,658	10,788
Impairment losses transferred to cost of sales	(152,025)	(63,165)	(100,079)	(20,162)
At the end of the year/period	191,214	168,772	159,351	149,977

The value of completed properties held for sale was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. TRADE AND BILLS RECEIVABLES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	36,611	227,469	196,410	43,741
Impairment	(1,182)	(1,333)	(1,398)	(1,364)
	<u>35,429</u>	<u>226,136</u>	<u>195,012</u>	<u>42,377</u>

The Group's trade and bills receivables primarily consist of receivables from its property management services, management consulting services provided to its customers, property leasing and sale of properties.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	35,129	226,136	177,618	27,342
1 to 3 years	–	–	17,394	15,035
Over 3 years	300	–	–	–
	<u>35,429</u>	<u>226,136</u>	<u>195,012</u>	<u>42,377</u>

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2017:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.5%	0.0%	76.9%	3.2%
Gross carrying amount (RMB'000)	35,311	–	1,300	36,611
Expected credit losses (RMB'000)	182	–	1,000	1,182

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2018:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.0%	0.0%	100.0%	0.6%
Gross carrying amount (RMB'000)	226,169	–	1,300	227,469
Expected credit losses (RMB'000)	33	–	1,300	1,333

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2019:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.1%	0.0%	100.0%	0.7%
Gross carrying amount (RMB'000)	177,716	17,394	1,300	196,410
Expected credit losses (RMB'000)	98	–	1,300	1,398

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 30 April 2020:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.1%	0.2%	100.0%	3.1%
Gross carrying amount (RMB'000)	27,383	15,058	1,300	43,741
Expected credit losses (RMB'000)	41	23	1,300	1,364

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected credit losses are calculated based on the migration rate, which is based on the historical data of payments of trade and bills receivables and management's expectation of bad debt.

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	214	1,182	1,333	1,398
Impairment losses (note 6)	968	151	65	(34)
Amount written off as uncollectible	–	–	–	–
At the end of year/period	1,182	1,333	1,398	1,364

23. CONTRACT ASSETS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs arising from sale of properties	117,085	277,380	278,260	282,390

Management expected that the contract costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. For the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, the amounts amortised and charged to profit or loss were RMB28,734,000, RMB107,039,000, RMB230,666,000 and RMB80,051,000, respectively, and there was no impairment loss in relation to the remaining balance.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid taxes and other tax recoverables	1,350,378	3,546,459	4,177,935	4,232,141
Due from non-controlling shareholders of the subsidiaries	1,148,766	2,299,142	1,631,657	1,665,713
Progress prepayments for acquisition of land use rights for development	2,612,383	4,077,956	2,479,557	3,680,724
Other deposits	2,346,342	1,406,972	1,176,898	915,781
Deposits for land auction	347,600	106,824	1,051,830	800,513
Prepayments for construction cost	239,298	128,697	173,017	298,708
Outstanding receivables arising from the sale of equity interests	–	–	202,450	202,450
Advance to third parties related to land auction	215,199	140,427	73,489	73,489
Other receivables	396,007	360,142	449,940	469,670
	8,655,973	12,066,619	11,416,773	12,339,189
Less: Impairment	(14,730)	(15,066)	(28,575)	(27,484)
	<u>8,641,243</u>	<u>12,051,553</u>	<u>11,388,198</u>	<u>12,311,705</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in provision for impairment of receivables are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	6,835	14,730	15,066	28,575
Acquisition of subsidiaries (note 36)	4,192	–	–	–
Impairment losses recognised (note 6)	3,703	336	13,509	(1,091)
At the end of the year/period	<u>14,730</u>	<u>15,066</u>	<u>28,575</u>	<u>27,484</u>

The internal credit rating of amounts due from non-controlling shareholders of the subsidiaries and other receivables was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that there were no expected credit losses.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at fair value	–	3,036	3,038	–
Other unlisted investments, at fair value	330,293	49,397	17,529	373,524
	<u>330,293</u>	<u>52,433</u>	<u>20,567</u>	<u>373,524</u>

The above unlisted equity investments at the end of each of the Relevant Periods were classified as financial assets at fair value through profit or loss as they were held for trading.

The above other unlisted investments were wealth management products and funds product issued by financial institutions in the PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	5,799,986	7,858,778	6,962,481	8,035,506
Less: Restricted cash	2,375,494	4,074,584	4,207,533	4,971,242
Pledged deposits	195,133	670,560	342,651	617,363
	<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>2,446,901</u>

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2017, 2018 and 2019 and 30 April 2020, such restricted cash amounted to RMB2,110,264,000, RMB3,588,741,000, RMB4,047,572,000 and RMB4,912,177,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the restricted cash included construction loan mortgages amounting to RMB113,545,000, RMB292,353,000, RMB21,695,000 and RMB10,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the time deposits amounted to nil, RMB100,100,000, RMB122,053,000 and RMB39,400,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, bank deposits of RMB60,000,000, nil, nil and nil, respectively, were pledged as collateral for issuance of bank acceptance notes. As at 31 December 2017, 2018 and 2019 and 30 April 2020, bank deposits of RMB91,685,000, RMB93,390,000, RMB16,213,000 and RMB19,655,000, respectively, were restricted as to use by the Group due to legal actions against the Group.

Bank deposits of RMB4,152,000, RMB73,049,000, RMB73,049,000 and RMB30,463,000 were pledged as security for bank and other borrowings as at 31 December 2017, 2018 and 2019 and 30 April 2020 (note 30), respectively. Bank deposits of RMB190,981,000, RMB597,511,000, RMB269,602,000 and RMB586,900,000 were pledged as security for purchasers' mortgage loans, construction of projects and notes payable as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	3,229,359	3,075,980	2,384,887	2,386,014
Denominated in US\$	–	37,654	27,410	60,887
	<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>2,446,901</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and it has measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	1,629,415	4,791,302	4,741,903	5,199,593
Over 1 year	126,632	272,674	360,533	933,856
	<u>1,756,047</u>	<u>5,063,976</u>	<u>5,102,436</u>	<u>6,133,449</u>

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to non-controlling shareholders and predecessor shareholders of the subsidiaries	1,965,541	1,382,358	1,133,698	1,401,890
Deposits related to sales of properties	356,344	298,535	179,222	257,919
Outstanding payables arising from the acquisition of equity interests	298,644	219,644	1,251,623	1,215,391
Retention deposits related to construction	316,013	370,041	566,398	545,286
Interest payable	158,724	188,209	316,752	410,441
Payroll and welfare payable	111,523	357,622	338,136	158,678
Prepayments from third parties related to land auction	1,274,075	195,150	332,321	74,320
Other tax and surcharges	78,380	322,182	470,039	323,111
Others	416,541	426,238	310,281	258,340
	<u>4,975,785</u>	<u>3,759,979</u>	<u>4,898,470</u>	<u>4,645,376</u>

Other payables and advances from non-controlling shareholders and predecessor shareholders of subsidiaries are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

29. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>36,934,913</u>	<u>74,573,736</u>	<u>77,901,721</u>	<u>80,170,382</u>

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

The following table shows the revenue recognised during the Relevant Periods related to contract liabilities which are carried forward.

	31 December			30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year/period				
Sale of properties	4,569,393	12,860,021	34,305,603	8,296,425

The following table includes the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sale of properties as at the end of each of the Relevant Periods.

	31 December			30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected to be satisfied				
within 1 year	13,170,100	34,773,988	47,454,009	47,175,985
over 1 year	28,780,775	44,381,426	34,037,979	42,559,930
	41,950,875	79,155,414	81,491,988	89,735,915

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 31 December 2017			At 31 December 2018			At 31 December 2019			At 30 April 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	9.32	2018	126,500	–	–	–	4.57-5.87	2020	37,250	4.05-5.66	2021	34,250
Bank loans – unsecured	5.22	2018	20,000	5.44	2019	20,000	–	–	–	–	–	–
Other loans – secured	8.00-11.50	2018	1,993,105	8.00-15.22	2019	3,578,450	8.00-19.60	2020	5,886,700	9.26-17.00	2020-2021	7,278,030
Other loans – unsecured	–	–	–	9.50	2019	425,900	9.00-15.00	2020	144,800	10.00-12.00	2020	140,650
Current portion of long term bank loans – secured	5.46	2018	199,000	8.00	2019	268,000	5.39-9.20	2020	619,133	4.75-9.20	2020-2021	735,133
Current portion of long term bank loans – unsecured	12.00	2018	27,000	–	–	–	–	–	–	–	–	–
Current portion of other loans – secured	7.32-15.00	2018	7,839,550	7.00-15.00	2019	7,924,977	10.50-14.00	2020	2,801,114	9.50-14.50	2020-2021	7,149,318
Current portion of other loans – unsecured	12.00-20.00	2018	120,000	9.60-20.00	2019	306,500	16.54	2020	800,000	16.54	2020	305,000
			10,325,155			12,523,827			10,288,997			15,642,381
Non-current												
Bank loans – secured	4.41-12.00	2019-2023	6,547,733	4.41-9.20	2020-2023	8,482,914	5.15-9.50	2021-2024	8,345,655	4.41-9.60	2021-2024	9,288,935
Other loans – secured	7.00-15.00	2019-2026	6,454,000	8.00-13.00	2020-2026	3,804,982	8.00-14.50	2021-2026	8,319,370	8.00-13.50	2021-2026	5,701,040
Other loans – unsecured	9.00-16.54	2020	837,437	8.50-16.54	2020-2022	1,191,500	8.50-13.00	2021-2022	351,500	13.00	2021	31,500
			13,839,170			13,479,396			17,016,525			15,021,475
			24,164,325			26,003,223			27,305,522			30,663,856

Bank and other borrowings

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	372,500	288,000	656,383	769,383
In the second year	1,220,000	1,275,000	1,899,500	2,013,000
In the third to fifth years, inclusive	5,327,734	7,207,914	6,446,155	7,275,935
	6,920,234	8,770,914	9,002,038	10,058,318
Other borrowings repayable:				
Within one year	9,952,655	12,235,827	9,632,614	14,872,998
In the second year	5,501,500	2,441,100	7,413,670	4,403,440
In the third to fifth years	1,004,936	1,410,382	462,200	534,100
In the fifth years, inclusive	785,000	1,145,000	795,000	795,000
	17,244,091	17,232,309	18,303,484	20,605,538
	24,164,325	26,003,223	27,305,522	30,663,856

The Group's borrowings are denominated in RMB.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

	Notes	At 31 December			At 30 April
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	13	286,922	249,442	250,130	5,631
Investment properties	15	196,040	200,818	203,081	244,700
Properties under development	20	32,493,650	36,365,857	52,312,465	50,830,980
Pledged deposits	26	4,152	73,049	73,049	30,463

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

The Controlling Shareholder, Mr. Chen Guoxiang, has guaranteed certain of the bank and other borrowings of up to RMB15,062,339,000, RMB15,175,340,000, RMB16,797,859,000 and RMB15,290,843,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

A family member of the Controlling Shareholder, Ms. Zhu Guoling, has guaranteed certain of the bank and other borrowings of up to RMB12,670,739,000, RMB13,968,687,000, RMB11,447,515,000 and RMB10,158,355,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

A family member of the Controlling Shareholder, Mr. Chen Hongni, has guaranteed certain of the bank and other borrowings of up to RMB280,000,000 at 31 December 2017.

祥生實業集團有限公司 (“Shinsun Industrial Group Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB3,080,005,000, RMB1,613,100,000, RMB349,740,000 and RMB910,000,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

諸暨祥紳實業有限公司 (“Zhuji Xiangshen Industrial Co., Ltd.”) (formerly known as 上海祥紳實業有限公司, Shanghai Xiangshen Industrial Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB333,982,000, RMB1,099,700,000 and nil as at 31 December 2018 and 2019 and 30 April 2020, respectively.

上海聚聯投資有限公司 (“Shanghai Julian Investment Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB785,000,000, RMB795,000,000 and RMB795,000,000 as at 31 December 2018 and 2019 and 30 April 2020, respectively.

河南昌建地產有限公司 (“Henan Changjian Real Estate Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB100,000,000 at 30 April 2020.

The board of directors of the Company confirmed that all guarantees provided by the Controlling Shareholder, a family member of the Controlling Shareholder and companies controlled by the Controlling Shareholder will be fully released before the Listing.

31. SENIOR NOTES

Name of notes	1 January 2018 Opening balance	Issued in 2018	Exchange losses	Interest expense	Payment	31 December 2018 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018 Notes	–	602,162	42,444	34,942	(34,590)	644,958

Name of notes	1 January 2019 Opening balance	Issued in 2019	Exchange losses	Interest expense	Payment	31 December 2019 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018 Notes	644,958	–	3,754	40,976	(689,688)	–
2019 Notes	–	994,918	–	21,383	–	1,016,301

Name of notes	1 January 2020 Opening balance	Issued in 2020	Exchange losses	Interest expense	Payment	30 April 2020 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2019 Notes	1,016,301	–	–	8,173	(951,765)	72,709
2020 Notes	–	1,408,112	27,953	41,654	–	1,477,719

On 11 June 2018, Xiang Sheng Holding Limited, a subsidiary of the Company and a special purpose vehicle set up for financing purpose by the Group, has completed the issue of senior notes due on 23 May 2019 (the “2018 Notes”). The 2018 Notes are denominated in US\$ amounting to US\$95,000,000 and bear interest at a rate of the higher of LIBOR rate plus 9% per annum and 11% per annum, are payable every three months beginning on (and including) the issue date, which is 11 June 2018.

On 23 May 2019, Xiang Sheng Holding Limited privately issued senior notes with a principal amount of RMB700,000,000 (the “2019 Notes”). The 2019 Notes are denominated in RMB and bear interest at a rate of 9.5% per annum, and repayable on 21 May 2020. On 20 December 2019, Xiang Sheng Holding Limited reached an agreement to issue additional senior notes based on the revised contract conditions, with a principal amount of RMB294,918,000 interest bearing at the rate of 9.5% per annum, and repayable on 12 February 2020.

On 23 January 2020 and 16 March 2020, Xiang Sheng Holding Limited privately issued US\$203 million aggregate principal amount of 12.5% senior notes due 2022 (the “2020 Notes”). The 2020 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property Group Co., Ltd. and Mr. Chen Guoxiang, the Controlling Shareholder.

The board of directors of the Company confirmed that all guarantees provided by the Controlling Shareholder will be fully released before the Listing.

32. ASSET-BACKED SECURITIES (“ABS”)

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2017 Closing balance
	RMB'000	(%)		RMB'000

Shinsun Group Housing Residual Payment 01	1,710,080	8.00-9.00	2018	1,710,080

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2018 Closing balance
	RMB'000	(%)		RMB'000

Shinsun Group Housing Residual Payment 01	1,268,250	8.00-10.00	2018-2019	402,026
Shinsun Group Housing Residual Payment 02	977,250	8.00-10.30	2018-2019	650,839
Shinsun Group Housing Residual Payment 03	988,180	8.00-12.00	2018-2019	814,141
Shinsun Group Housing Residual Payment 04	549,930	8.30-9.70	2018-2019	549,920

2,416,926

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2019 Closing balance
	RMB'000	(%)		RMB'000
Shinsun Group Housing Residual Payment 03	59,900	8.00-10.30	2019-2020	5,481
Shinsun Group Housing Residual Payment 04	949,650	8.30-9.70	2019-2020	150,070
Shinsun Group Housing Residual Payment 05	50,000	8.89	2020	50,000
				<u>205,551</u>

The balance represented proceeds received from issuance of asset-backed securities, to which the Group has collateralised certain future trade and bills receivables for the remaining receipts from the provision of the sale of properties. Under an assignment arrangement between the Group and the institutes issuing the assets-backed securities, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects to these institutes.

33. SHARE CAPITAL

	At 30 April 2020
	RMB
Issued and fully paid:	
1 ordinary share of US\$1	—

The Company was incorporated in the Cayman Islands on 13 December 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 at par value each. On the date of incorporation, 1 ordinary share of US\$1 was allotted by the Company to a subscriber, and was transferred to Shinlight Limited, a company controlled by Chen Guoxiang. On 11 May 2020, each of issued and unissued shares of the Company was subdivided into 100 shares of US\$0.01 each. On 20 May 2020, the Company issued and allotted 10 shares to Golden Stone Development Limited ("Golden Stone"), a company incorporated in the BVI and wholly owned by the pre-IPO investor, Mr. Shou Bainian, with a consideration of one share of Silver Rock Group Holdings Limited ("Silver Rock"). On the same date, the Company issued and allotted 890 shares to Shinlight Limited, with a consideration of US\$200 million.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 are presented in the combined statements of changes in equity.

(a) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received for acquisition or disposal of non-controlling interests in subsidiaries, the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the corporate restructuring and the Reorganisation. This reserve also included gain or loss arising from acquisition of subsidiaries from the equity holders of the subsidiaries. Details of the movements in the capital reserve are set out in the combined statements of changes in equity.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve

may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

35. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB11,423,000, RMB56,707,000, RMB101,363,000 and nil for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively, in respect of lease arrangements for office buildings and motor vehicles.

(b) Changes in liabilities arising from financing activities

	Assets- based securities	Interest- bearing bank and other borrowings	Senior notes	Due to related parties	Lease liabilities	Total liabilities from financing activities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	–	11,384,316	–	235,193	5,272	11,624,781
Cash flows (used in)/from financing activities	1,710,080	12,423,009	–	2,910,922	(1,000)	17,043,011
New lease	–	–	–	–	9,824	9,824
Accrual of interest	–	–	–	–	1,358	1,358
Cash flows from non-financing activities	–	357,000	–	1,345,728	(625)	1,702,103
At 31 December 2017	1,710,080	24,164,325	–	4,491,843	14,829	30,381,077
Cash flows (used in)/from financing activities	706,846	1,838,898	644,606	(702,354)	(7,557)	2,480,439
New lease	–	–	–	–	51,471	51,471
Accrual of interest	–	–	34,942	–	1,561	36,503
Cash flows from non-financing activities	–	–	(34,590)	2,119,654	(1,561)	2,083,503
At 31 December 2018	2,416,926	26,003,223	644,958	5,909,143	58,743	35,032,993
Cash flows (used in)/from financing activities	(2,211,375)	1,302,299	350,312	(882,305)	(21,996)	(1,463,065)
New lease	–	–	–	–	88,843	88,843
Accrual of interest	–	–	62,359	–	7,340	69,699
Cash flows from non-financing activities	–	–	(41,328)	929,483	(7,340)	880,815
At 31 December 2019	<u>205,551</u>	<u>27,305,522</u>	<u>1,016,301</u>	<u>5,956,321</u>	<u>125,590</u>	<u>34,609,285</u>
At 31 December 2019	205,551	27,305,522	1,016,301	5,956,321	125,590	34,609,285
Cash flows from/(used in) financing activities	(205,551)	3,010,834	484,300	212,146	(4,920)	3,496,809
New lease	–	–	–	–	–	–
Accrual of interest	–	–	49,827	–	3,031	52,858
Cash flows from non-financing activities	–	347,500	–	(1,352,539)	–	(1,005,039)
At 30 April 2020	<u>–</u>	<u>30,663,856</u>	<u>1,550,428</u>	<u>4,815,928</u>	<u>123,701</u>	<u>37,153,913</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	4,267	18,360	16,288	3,950
Within financing activities	2,358	9,158	29,376	4,920
	6,625	27,518	45,664	8,870

36. ACQUISITION OF SUBSIDIARIES

(A) Business combination

(a) *Acquisition of Xiantao Xiangrong Real Estate Development Co., Ltd. ("Xiantao Xiangrong"), Honghu Shinsun Real Estate Co., Ltd. ("Honghu Shinsun") and Hubei Shinsun Fairyland International Hotel ("Hubei Fairyland")*

The Group held 45%, 50% and 45% of the total equity interests in Xiantao Xiangrong, Honghu Shinsun and Hubei Fairyland ("the three companies") which are engaged in property development and hotel services and were accounted for as joint ventures of the Group previously before the acquisition of controlling interests. On 9 May 2017, the Group entered into a share transfer agreement with 榮懷集團有限公司 (Ronghuai Group Co., Ltd., "Ronghuai Group"), who was previously another shareholder of the three companies. Pursuant to the share transfer agreement, Ronghuai Group transferred its equity interests of the three companies to the Group at a consideration of RMB1 for each, totally RMB3, so that the Group had ownership interest of 90%, 100% and 90% of Xiantao Xiangrong, Honghu Shinsun and Hubei Fairyland, respectively, after the completion of transaction on 9 May 2017. Hence, the Group obtained control over the three companies on the date of the agreement. In addition, Ronghuai Group transferred RMB144,067,000 due from Xiantao Xiangrong, one of the acquired companies, to Zhejiang Shinsun Plaza Trading Co., Ltd., a subsidiary of the Group. Ronghuai Group entered into the share transfer agreement to deleverage as to finance his own capital structure and adjusted his own development strategy, therefore the Group was able to complete the share purchase with a bargain price. Since the acquisition, the three companies contributed RMB94,080,000 to the Group's revenue and a loss of RMB738,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,309,384,000 and RMB289,172,000 respectively.

The fair values of the identifiable assets and liabilities of the acquired three companies as at the date of acquisition were as follows:

	Fair value Recognized on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	275,326
Investment properties (<i>note 15</i>)	48,670
Intangible assets (<i>note 16</i>)	151
Deferred tax assets (<i>note 19</i>)	1,623
Properties under development (<i>note 20</i>)	169,900
Completed properties held for sale (<i>note 21</i>)	134,510
Inventories	1,828
Trade and bills receivables	1,792
Prepayments and other receivables	333,991
Tax recoverable	7,349
Restricted cash	17,176
Pledged deposits	4,381
Cash and cash equivalents	12,789
Trade and bills payables	(154,699)
Other payables and accruals	(437,320)
Amount due to the then-shareholder	(144,067)
Contract liabilities	(50,497)
Interest-bearing bank loans and other borrowings	(355,000)
Deferred tax liabilities (<i>note 19</i>)	(8,337)
Total identifiable net assets at fair value	(140,434)
Less: Non-controlling interests measured as a proportionate share of the net identifiable assets at fair value at the acquisition date	(18,804)
Net liabilities acquired	(121,630)
Add: Amount due from Xiantao Xiangrong, an acquired company assigned by its then-shareholder to the Group	144,067
Satisfied by fair value of investments in the joint ventures held before acquisition	–
Satisfied by cash	–
Gains on bargain purchase recognised in other income and gains for the year ended 31 December 2017	22,437

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	<i>RMB'000</i>
Cash considerations	–
Add: Cash and cash equivalents acquired	12,789
Net inflow of cash and cash equivalents included in cash flows from investing activities	12,789

(b) Acquisition of Hangzhou Yixiang Management Consulting Co., Ltd. (“Hangzhou Yixiang”) and its subsidiary Xuancheng Minsheng New Town Development Co., Ltd. (“Xuancheng Minsheng”)

On 23 October 2017, the Group and 杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Hangzhou Yixiang and its subsidiary, Xuancheng Minsheng, for a total consideration of RMB3,000,000. Hangzhou Yixiang is engaged in business service in the PRC. The acquisition was part of the Group’s strategy to expand its market share of property development and operation. Since the acquisition, Hangzhou Yixiang and its subsidiary, Xuancheng Minsheng, contributed RMB217,226,000 to the Group’s revenue and a loss of RMB7,506,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,297,164,000 and RMB229,004,000, respectively.

The fair values of the identifiable assets and liabilities of these acquired companies as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	1,548
Right-of-use assets (<i>note 14</i>)	733
Properties under development (<i>note 20</i>)	1,531,398
Completed properties held for sale (<i>note 21</i>)	41,970
Prepayments, deposits and other receivables	234,062
Tax recoverable	25,865
Cash and cash equivalents	718,369
Deferred tax assets (<i>note 19</i>)	44,231
Trade and bills payables	(34,268)
Other payables and accruals	(1,018,600)
Contract liabilities	(1,488,545)
Interest-bearing bank loans and other borrowings	(2,000)
Lease liabilities within one year (<i>note 14</i>)	(377)
Lease liabilities (<i>note 14</i>)	(356)
Deferred tax liabilities (<i>note 19</i>)	(51,030)
Total identifiable net assets at fair value	3,000
Net assets acquired	3,000
Satisfied by cash	3,000

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB'000</i>
Cash considerations	(3,000)
Add: Cash and cash equivalents acquired	718,369
Net inflow of cash and cash equivalents included in cash flows from investing activities	715,369

(c) Acquisition of Yueyang Xiongcheng Real Estate Co., Ltd. ("Yueyang Xiongcheng")

On 5 September 2017, the Group, 浙江雄城商貿股份有限公司 (Zhejiang Xiongcheng Trading Co., Ltd.) and 諸暨雄城物資配送有限公司 (Zhejiang Xiongcheng Material Distribution Co., Ltd.), two independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Yueyang Xiongcheng for a total consideration of RMB244,644,000. Yueyang Xiongcheng is engaged in property investment in the PRC. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Since the acquisition, Yueyang Xiongcheng contributed nil to the Group's revenue and a loss of RMB633,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,293,295,000 and RMB288,523,000, respectively.

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition were as follows:

	Fair value Recognized on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	67
Deferred tax assets (<i>note 19</i>)	5,045
Properties under development (<i>note 20</i>)	476,252
Prepayments, deposits and other receivables	43,507
Cash and cash equivalents	5,925
Trade and bills payables	(4,724)
Other payables and accruals	(143,164)
Contract liabilities	(62,405)
Deferred tax liabilities (<i>note 19</i>)	(75,859)
Total identifiable net assets at fair value	244,644
Net assets acquired	244,644
Satisfied by cash	244,644

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB'000</i>
Cash considerations	(244,644)
Less: Other payables and accruals	(194,644)
Add: Cash and cash equivalents acquired	5,925
Net outflow of cash and cash equivalents included in cash flows from investing activities	(44,075)

(d) Acquisition of Hubei Kaixiang Real Estate Development Co., Ltd. ("Hubei Kaixiang")

On 20 September 2019, the Group and Bian Weisong and Bian Kailong, two independent individuals to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 80% equity interests in Hubei Kaixiang for a total consideration of RMB24,000,000. Hubei Kaixiang is engaged in property investment in the PRC. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Since the acquisition, Hubei Kaixiang contributed nil to the Group revenue and a loss of RMB1,340,000 to the combined profit or loss for the year ended 31 December 2019. Had the combination taken place at 1 January 2019, the revenue and profit of the Group for the year ended 31 December 2019 would have been RMB35,519,538,000 and RMB3,198,346,000, respectively.

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	345
Deferred tax assets (<i>note 19</i>)	4,154
Properties under development (<i>note 20</i>)	269,971
Prepayments, deposits and other receivables	22,524
Tax recoverable	659
Cash and cash equivalents	23,416
Other payables and accruals	(133,554)
Contract liabilities	(154,838)
Deferred tax liabilities (<i>note 19</i>)	(2,670)
Total identifiable net assets at fair value	30,007
Less: Non-controlling interests measured as a proportionate share of the net identifiable assets at fair value at the acquisition date	6,007
Net assets acquired	24,000
Satisfied by cash	24,000

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(24,000)
Add: Cash and cash equivalents acquired	23,416
Net outflow of cash and cash equivalents included in cash flows from investing activities	(584)

(B) Acquisition of assets and liabilities through acquisition of subsidiaries**(a) Acquisition of Hangzhou Chunyuan Health Industry Investment Co., Ltd. ("Chunyuan Health")**

On 22 March 2017, the Group and 杭州合著健康管理有限公司 (Zhejiang Hezhu Health Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 55% equity interests in Chunyuan Health for a total consideration of RMB1,650,000.

(b) Acquisition of Zhejiang Fengsheng Tourism Development Co., Ltd. (“Zhejiang Fengsheng Tourism”)

On 10 May 2017, the Group and 德清華瀚資產管理有限公司 (Deqing Huahan Asset Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 70% equity interests in Zhejiang Fengsheng Tourism for a total consideration of RMB4,459,000.

(c) Acquisition of Anji Sante Tianye Muge Tourism Development Co., Ltd. (“Anji Sante”)

On 18 September 2017, the Group and 武漢三特田野牧歌旅遊開發有限公司 (Wuhan Sante Tianye Muge Tourism Development Co., Ltd.) and 武漢三特索道集團股份有限公司 (Wuhan Sante Cableway Group Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Anji Sante for a total consideration of RMB63,750,000.

(d) Acquisition of 諸暨祥生中翔置業有限公司 (Zhuji Shinsun Zhongxiang Real Estate Co., Ltd., “Zhuji Shinsun Zhongxiang”, formerly known as 諸暨市中翔豐球置業有限公司, Zhuji Zhongxiang Fengqiu Real Estate Co., Ltd.)

On 16 March 2018, the Group and 浙江豐球光伏科技股份有限公司 (Zhejiang Fengqiu Solar Technology Co., Ltd.) and 浙江豐球泵業股份有限公司 (Zhejiang Fengqiu Pump Industry Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 70% equity interests in Zhuji Shinsun Zhongxiang for a total consideration of RMB100,912,000.

(e) Acquisition of Wenzhou Duofu Shinsun Real Estate Co., Ltd. (“Wenzhou Duofu Shinsun”)

The Group held 49% of the total equity interests in Wenzhou Duofu Shinsun, which is engaged in property development and was accounted for as an associate of the Group previously. The remaining equity interest is held by 溫州多弗地產集團有限公司 (Wenzhou Duofu Real Estate Group Co., Ltd., “Wenzhou Duofu Group”). On 19 June 2018, the Group entered into a share transfer agreement with Wenzhou Duofu Group, pursuant to which Wenzhou Duofu Group transferred its entire equity interest of Wenzhou Duofu Shinsun to the Group at a total consideration of RMB25,500,000, so that the Group exercises 100% of the total voting rights of Wenzhou Duofu Shinsun.

(f) Acquisition of Zhuji Shinsun Hongrun Real Estate Co., Ltd. (“Zhuji Shinsun Hongrun”, formerly known as 浙江晟高房地產開發有限公司, Zhejiang Shenggao Real Estate Development Co., Ltd.)

On 17 January 2019, the Group and 浙江晟高控股有限公司 (Zhejiang Shenggao Holding Limited), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Zhuji Shinsun Hongrun for a total consideration of RMB878,800,000.

(g) Acquisition of Quzhou Kecheng Jiulonggu Real Estate Development Co., Ltd. (“Quzhou Jiulonggu”)

On 18 May 2019, the Group and 衢州市柯城區國有資產經營有限責任公司 (Quzhou Kecheng State-Owned Assets Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Quzhou Jiulonggu for a total consideration of RMB8,416,000.

(h) Acquisition of Hangzhou Shangsheng Industrial Co., Ltd. (“Hangzhou Shangsheng”) and its subsidiary, Hengyang ShanShan Outlets Real Estate Co., Ltd. (“ShanShan Outlets”)

On 2 July 2019, the Group and 湖州省博企業管理諮詢合夥企業(有限合夥) (Huzhou Tabo Management Consulting Partnership (Limited Partnership)) and 湖州創閣企業管理諮詢合夥企業(有限合夥) (Huzhou Chuangge Management Consulting Partnership (Limited Partnership)), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 90% equity interests in Hangzhou Shangsheng and its subsidiary, ShanShan Outlets, for a total consideration of RMB250,000,000.

(i) Acquisition of Linhai Ziyuan Yintong Real Estate Co., Ltd. (“Linhai Ziyuan”)

On 30 September 2019, the Group and 杭州紫元置業有限公司 (Hangzhou Ziyuan Real Estate Co., Ltd.) and 浙江銀通房地產集團有限公司 (Zhejiang Yintong Property Group Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Linhai Ziyuan for a total consideration of RMB464,178,000.

- (j) *Acquisition of 浙江祥生弘創建築科技有限公司 (Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd., "Shinsun Hongchuang") and its subsidiary, 杭州祥義公寓管理有限公司 (Hangzhou Xiangyi Apartment Management Co., Ltd., "Xiangyi Apartment")*

On 7 April 2020, the Group and Yao Xiaozhen and Zhejiang Xiangsheng Construction Co., Ltd., two related parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Shinsun Hongchuang and its subsidiary, Xiangyi Apartment, for a total consideration of RMB51,000,000.

In the opinion of the Company's directors, the acquisition of these companies does not constitute a business. Therefore, the transactions were accounted for as acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in *IFRS 3 Business Combinations*.

The identifiable assets and liabilities of the acquired companies as at the dates of acquisition were as follows:

	2017 Amounts recognised on acquisition RMB'000	2018 Amounts recognised on acquisition RMB'000	2019 Amounts recognised on acquisition RMB'000	April 2020 Amounts recognised on acquisition RMB'000
Property, plant and equipment (note 13)	427	335	60	–
Intangible assets (note 16)	98	–	–	–
Land development for sale	–	–	552,703	–
Properties under development (note 20)	66,342	1,427,738	1,790,499	–
Due from related parties	–	–	–	51,000
Prepayments, deposits and other receivables	10,790	11,599	85,399	347,516
Cash and cash equivalents	7,498	2,931	6,154	10
Trade and bills payables	–	(739)	–	–
Interest-bearing bank and other borrowings	–	–	–	(347,500)
Other payables and accruals	(13,691)	(1,287,009)	(833,421)	(26)
Total identifiable net assets	71,464	154,855	1,601,394	51,000
Less: Non-controlling interests	1,605	4,140	–	–
Net assets acquired	68,859	150,715	1,601,394	51,000
Consideration transferred, satisfied by:				
Cash consideration	69,859	126,412	1,601,394	51,000
Satisfied by fair value of investments in associates held before acquisition	–	24,303	–	–
	69,859	150,715	1,601,394	51,000

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash consideration	(69,859)	(126,412)	(1,601,394)	(51,000)
Less: Other payables and accruals	(2,000)	–	(1,101,979)	–
Due to related parties	–	–	–	(51,000)
Add: Cash and cash equivalents acquired	7,498	2,931	6,154	10
Net cash outflows	(60,361)	(123,481)	(493,261)	10

37. DISPOSAL OF SUBSIDIARIES

(a) 浙江祥磊澤義貿易有限公司 (Zhejiang Xianglei Zeyi Trading Co., Ltd., “Zhejiang Xianglei Zeyi”)

Pursuant to the share transfer agreement dated 25 December 2018, the Group disposed of its 100% equity interest in Zhejiang Xianglei Zeyi to Wang Hongzhen for a consideration of nil.

(b) 諸暨市祥生宏宇置業有限公司 (“Zhuji Shinsun Hongyu Real Estate Co., Ltd., “Shinsun Hongyu”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB81,600,000.

(c) Zhejiang Zhuji Shinsun Hongyu Real Estate Development Co., Ltd., (“Zhuji Hongyu”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB68,850,000.

(d) 浙江諸暨祥生宏紳置業有限公司 (Zhejiang Zhuji Shinsun Hongshen Real Estate Co., Ltd., “Zhuji Shinsun Hongshen”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongshen to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB51,000,000.

(e) 杭州駿輝企業管理有限公司 (Hangzhou Junhui Management Co., Ltd., “Hangzhou Junhui”)

Pursuant to the share transfer agreement dated 31 May 2019, the Group disposed of its 100% equity interest in Hangzhou Junhui to 溫州市中梁祥置業有限公司 (Wenzhou Zhongliangxiang Real Estate Co., Ltd.) and 紹興科榮企業管理有限責任公司 (Shaoxing Kerong Management Co., Ltd.) for a consideration of nil.

(f) 湖州漢樾房地產開發有限公司 (Huzhou Hanyue Real Estate Development Co., Ltd., “Huzhou Hanyue”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 75% equity interest in Huzhou Hanyue to 諸暨市中碩建設有限公司 (Zhuji Zhongshuo Construction Co., Ltd.) for a consideration of nil.

- (g) Pursuant to the resolutions of the shareholders, the Group deregistered 慈溪祥生置業有限公司 (Cixi Shinsun Real Estate Co., Ltd.) and 諸暨祥生房地產銷售代理有限公司 (Zhuji Shinsun Real Estate Agency Co., Ltd.) in 2018.

- (h) Pursuant to the resolutions of the shareholders, the Group deregistered 杭州祥生安廈實業有限公司 (Hangzhou Shinsun Anxia Industrial Co., Ltd.), 香河祥生房地產開發有限公司 (Xianghe Shinsun Real Estate Development Co., Ltd.), 諸暨祥生中翔置業有限公司 (Zhuji Shinsun Real Estate Co., Ltd.), 杭州澄壘投資發展有限公司 (Hangzhou Chengken Investment Development Co., Ltd.) and 陝西祥生旅遊文化發展有限公司 (Shaanxi Shinsun Tourism Cultural Development Co., Ltd.) in 2019.

- (i) 湖北祥生仙苑國際大酒店管理有限公司 (Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd., "Shinsun Fairyland Hotel Management")

Pursuant to the share transfer agreement dated 24 March 2020, the Group disposed of its 100% equity interest in Shinsun Fairyland Hotel Management to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB22,000,000.

- (j) 岫岩滿族自治縣祥生越都物業有限公司 (Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd., "Xiangsheng Yuedu")

Pursuant to the share transfer agreement dated 20 March 2020, the Group disposed of its 51% equity interest in Xiangsheng Yuedu Property to Zhejiang Shinsun Property Services Co., Ltd. for a consideration of RMB255,000, and disposed of its 49% equity interest in Xiangsheng Yuedu to 浙江諸暨越都貿易有限公司 (Zhejiang Zhuji Yuedu Trading Co., Ltd.) for a consideration of RMB245,000.

- (k) 諸暨祥生幽憩居酒店有限公司 (Zhuji Xiangsheng Youqiju Hotel Co., Ltd., "Xiangsheng Youqiju Hotel")

Pursuant to the share transfer agreement dated 14 January 2020, the Group disposed of its 100% equity interest in Xiangsheng Youqiju Hotel to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB5,000,000.

- (l) 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd., "Linhai Ziyuan")

On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd., pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan for a consideration of RMB46,418,000 and RMB146,216,000, respectively, and the Group retained 58.5% equity interest in Linhai Ziyuan.

According to the updated articles of association of Linhai Ziyuan, all shareholder resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for an investment in joint venture after the share transfer.

The carrying values of the assets and liabilities on the dates of disposal were as follows:

	31 December		30 April
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Net assets disposed of:			
Property, plant and equipment (<i>note 13</i>)	3	996	10,290
Intangible assets (<i>note 16</i>)	–	–	64
Investment in an associate	–	42,150	–
Deferred tax assets (<i>note 19</i>)	–	–	4,073
Inventories	–	–	730
Land development for sale	–	–	575,592
Properties under development (<i>note 20</i>)	–	214,298	–
Completed properties held for sale (<i>note 21</i>)	–	998,791	–
Trade and bills receivables	12,430	500	2,128
Due from related companies	–	60,428	12,661
Prepayments, deposits and other receivables	36,446	450,655	19,077
Tax recoverable	–	838	–
Financial assets at fair value through profit or loss	–	2	3,000
Restricted cash	–	1,210	–
Cash and cash equivalents	1,376	33,096	6,011
Trade and bills payables	(31,829)	(25,037)	(5,898)
Other payables, deposits received and accruals	(29,492)	(1,272,533)	(45,534)
Contract liabilities	(3,384)	(52,084)	(313)
Due to related parties	–	(10,652)	(90,998)
Tax payable	(62)	(52,322)	(1,726)
	(14,512)	390,336	489,157
Less: Non-controlling interests	(4,543)	192,918	–
The carrying values attributable to the Group	(9,969)	197,418	489,157
Gain on disposal of subsidiaries (<i>note 5</i>)	9,969	4,032	1,058
Satisfied by:			
Cash	–	201,450	220,134
Investment in a joint venture	–	–	270,081

An analysis of the cash flows of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	31 December		30 April
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash consideration	–	201,450	220,134
Less: Prepayments, deposits and other receivables			
(unsettled consideration)	–	201,450	192,879
Less: Due from related companies			
(unsettled consideration)	–	–	22,255
Less: Cash and cash equivalents disposed of	1,376	33,096	6,011
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,376)	(33,096)	(1,011)

38. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the Historical Financial Information were as follows:

		At 31 December			At 30 April
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	13,642,478	17,930,409	37,028,811	36,635,585
Guarantees given to banks in connection with facilities granted to related parties and a third party	(2)	27,450	736,744	4,137,450	3,540,450

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related parties. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the related parties as of 31 December 2017, 31 December 2018, 31 December 2019 and 30 April 2020 since the fair value is immaterial.

The board of directors of the Company confirmed that all guarantees provided to companies controlled by the Controlling Shareholder will be fully released before the Listing.

39. A SUBSIDIARY HELD FOR SALE

In 2019, the Group had been having negotiation with 杭州二建建设有限公司 (Hangzhou The Second Construction Co., Ltd.) and 臨海市中晟房地產開發有限公司 (Linhai Zhongsheng Property Development Co., Ltd.) on the sale of equity interests of 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd. "Linhai Ziyuan"). On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd. pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan, respectively, and the Group retained a 58.5% equity interest in Linhai Ziyuan. According to the updated articles of association of Linhai Ziyuan, all shareholder resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for an investment in a joint venture after the share transfer. As at 31 December 2019, Linhai Ziyuan was classified as a subsidiary held for sale.

	31 December 2019
	<i>RMB'000</i>
Assets	
Property, plant and equipment	44
Land development for sale	573,605
Prepayments, deposits and other receivables	15,175
Cash and cash equivalents	3,159
Assets of a subsidiary classified as held for sale	591,983
Liabilities	
Other payables and accruals	(41,638)
Liabilities directly associated with the assets classified as held for sale	(41,638)
Net assets directly associated with the subsidiary classified as held for sale	550,345

40. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
Chen Guoxiang	Controlling Shareholder
Zhu Guoling	A family member of the Controlling Shareholder
Chen Guanqun	A family member of the Controlling Shareholder
Chen Guoqing	A family member of the Controlling Shareholder
Chen Hongni	A family member of the Controlling Shareholder
Chen Xueyi	A family member of the Controlling Shareholder
Chen Zhihua	A family member of the Controlling Shareholder
Chen Zhiping	A family member of the Controlling Shareholder
Mao Weili	A family member of the Controlling Shareholder
Wang Hongzhen	A family member of the Controlling Shareholder
Chen Jianxi	Key management personnel
Gu Jianjun	Key management personnel
Han Bo	Key management personnel
Yao Xiaozhen	Key management personnel
Zhong Chao	Key management personnel
浙江祥磊澤義貿易有限公司	Company controlled by a family member of the
Zhejiang Xiangleizeyi Trading Co., Ltd.	Controlling Shareholder

Name of related party	Relationship with the Group
諸暨市祥生園林綠化工程有限公司 Zhuji Shinsun Landscape Engineering Co., Ltd.	Company controlled by a family member of the Controlling Shareholder
江蘇潛龍投資管理有限公司 Jiangsu Qianlong Investment Development Co., Ltd.	Company controlled by the Controlling Shareholder
洪湖市祥生物業管理有限公司 Honghu Shinsun Property Management Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨祥紳實業有限公司 Zhuji Xiangshen Industrial Co., Ltd.	Company controlled by the Controlling Shareholder
祥生實業集團有限公司 Shinsun Industrial Group Co., Ltd.	Company controlled by the Controlling Shareholder
岳陽祥生物業服務有限公司 Yueyang Shinsun Property Services Co., Ltd.	Company controlled by the Controlling Shareholder
杭州德抱投資有限公司 Hangzhou Debao Investment Co., Ltd.	Company controlled by the Controlling Shareholder
浙江聚屋霸信息技術有限公司 Zhejiang Juwuba Information Technology Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生房地產銷售代理有限公司 Zhejiang Shinsun Real Estate Sales Agency Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生建設工程有限公司 Zhejiang Xiangsheng Construction Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生酒店管理有限公司 Zhejiang Xiangsheng Hotel Management Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生物業服務有限公司 Zhejiang Shinsun Property Services Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生花園酒店有限公司 Zhuji Shinsun Garden Hotel Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生物業管理有限公司 Zhuji Shinsun Property Management Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生新世紀綜合市場有限公司 Zhuji Shinsun New Century Integrated Market Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生物資有限公司 Zhuji Shinsun Materials Co., Ltd.	Company controlled by the Controlling Shareholder
Anqing Jinshixiang Real Estate Development Co., Ltd.	Joint venture
Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd.	Joint venture
Ningbo Ronghui Real Estate Co., Ltd.	Joint venture
Hangzhou Renyuan Real Estate Development Co., Ltd.	Joint venture
Hangzhou Shinsun Yijing Real Estate Development Co., Ltd.	Joint venture
Huzhou Jiaotou Shinsun Real Estate Development Co., Ltd.	Joint venture
Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd.	Joint venture
Jiangxi Futian Yishou Investment Development Co., Ltd.	Joint venture
Nanjing Yihui Real Estate Co., Ltd.	Joint venture
Zhejiang Fa Xian Dao Cultural tourism Co., Ltd.	Joint venture
Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd.	Joint venture

Name of related party	Relationship with the Group
Wenzhou Shinsun Duofu Real Estate Co., Ltd.	Joint venture
Suqian Xiangsu Real Estate Development Co., Ltd.	Joint venture
Yangzhou Shinsun Keyu Real Estate Co., Ltd.	Joint venture
Zhuji Wanxiang Real Estate Development Co., Ltd.	Joint venture
Zhuji Shinsun Hongpeng Real Estate Co., Ltd.	Joint venture
Zhuji Shinsun Hongrui Real Estate Co., Ltd.	Joint venture
Zhuji Shinsun Xiangjun Real Estate Co., Ltd.	Joint venture
Linhai Ziyuan Yintong Real Estate Co., Ltd.	Joint venture
Dingyuan Yuanbi Real Estate Development Co., Ltd.	Associate
Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd.	Associate
Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd.	Associate
Ningbo Yuansheng Enterprise Management Consulting Co., Ltd.	Associate
Ningbo Zhongcheng United Property Co., Ltd.	Associate
Taixing Shinsun Real Estate Co., Ltd.	Associate
Zhenjiang Kesheng Real Estate Development Co., Ltd.	Associate
Zhuji Hongdi Shinsun Real Estate Development Co., Ltd.	Associate
Rudong Xinbi Real Estate Development Co., Ltd.	Associate
Zhuji Xiyuan Cultural tourism investment Co., Ltd.	Associate
Tianchang Xinbi Real Estate Development Co., Ltd.	Associate

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advances from related parties:					
Joint ventures	–	163,077	502,434	110,820	217,227
Associates	18,250	862,078	539,489	294,979	42,580
Companies controlled by the Controlling Shareholder	12,309,201	13,337,404	7,512,798	93,073	138,405
Companies controlled by a member of key management personnel	–	–	139,200	–	–
Controlling Shareholder	6,006	–	–	–	–
A family member of the Controlling Shareholder	154,887	84,380	34,695	521	1,881

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repayment of advances from related parties:					
Joint ventures	–	–	305,018	–	102,516
Associates	–	687,352	383,840	179,223	9,826
Companies controlled by the Controlling Shareholder	9,475,678	14,239,933	8,919,696	2,022,184	75,499
Controlling shareholder	1,632	6,000	–	–	6
A family member of the Controlling Shareholder	100,111	216,008	2,367	2,290	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management consulting services provided by:					
Companies controlled by the Controlling Shareholder	5,992	4,998	5,897	2,856	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Property and sales management services provided by:					
Companies controlled by the Controlling Shareholder	34,838	99,809	156,292	49,196	26,944
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Construction services provided by:					
Companies controlled by the Controlling Shareholder	4,386,254	9,610,131	9,832,415	3,236,454	1,770,710
Companies controlled by a family member of the Controlling Shareholder	77,500	209,800	699,432	130,396	147,626
A family member of the Controlling Shareholder	–	3,620	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest income from Joint ventures	–	36,472	65,195	10,452	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management consulting services provided to:					
Joint ventures	–	5,889	3,260	–	5,989
Associate	–	3,083	16,083	4,915	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Advances to related parties:					
Joint ventures	2,137,756	3,399,645	3,541,490	1,526,359	674,680
Associates	278,810	2,314,566	784,394	63,300	150,500
Companies controlled by the Controlling Shareholder	2,220,556	182,943	1,472,599	1,423,089	3,853,896
Companies controlled by a family member of the Controlling Shareholder	–	579,759	197,659	–	269,381
A family member of the Controlling Shareholder	16,132	92,078	–	–	9,544
Key management personnel	10,000	10,000	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repayment of advances to related parties:					
Joint ventures	102,300	2,440,561	3,935,883	2,510,471	744,455
Associates	–	1,875,215	649,011	19,731	94,546
Companies controlled by the Controlling Shareholder	2,107,128	69,500	193,962	18,000	4,328,557
Companies controlled by a family member of the Controlling Shareholder	–	–	–	–	77,463
A family member of the Controlling Shareholder	2,227	17,453	22,727	11,636	16,783
Key management personnel	–	10,000	10,000	–	–

These transactions were carried out in accordance with the terms and conditions mutually agreed after negotiation by the parties involved.

(3) Other transactions with related parties

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees provided to related parties:				
Companies controlled by the Controlling Shareholder	27,450	27,450	152,450	447,850
Joint ventures	–	709,294	3,604,000	2,711,600
Guarantees provided by related parties:				
Controlling shareholder	15,062,339	15,175,340	16,797,859	15,290,843
A family member of the Controlling Shareholder	12,950,739	13,968,687	11,447,515	10,158,355
Companies controlled by the Controlling Shareholder	3,080,005	1,947,082	1,449,440	910,000

As at 30 April 2020, the Group has guaranteed certain of the bank borrowings of up to RMB73,034,000 to 祥生實業集團有限公司 (“Shinsun Industrial Group Co., Ltd.”) by the assets of the Group with carrying amounts of approximately RMB26,360,000 (Notes 13, 15).

As at 30 April 2020, the Group has guaranteed certain of the bank borrowings of up to RMB364,641,000 to 浙江祥生建設工程有限公司 (“Zhejiang Xiangsheng Construction Co., Ltd.”) by the assets of the Group with carrying amounts of approximately RMB230,739,000 (Notes 13, 15).

The board of directors of the Company confirmed that the pledged assets provided to the companies controlled by the Controlling Shareholder will be fully released before the Listing.

As at 30 April 2020, the Group has guaranteed certain of the other borrowings of up to RMB33,000,000 to 安慶金世祥房地產開發有限公司 (“Anqing Jinshixiang Real Estate Development Co., Ltd.”) by the investment in a joint venture of the Group with carrying amounts of approximately RMB28,259,000.

The board of directors of the Company confirmed that the pledged assets provided to a joint venture will not be fully released before the Listing.

(4) Outstanding balances with related parties

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties:				
Trade-related:				
Joint ventures	5,726	52,740	41,578	41,617
Associates	5,576	–	–	–
Companies controlled by the Controlling Shareholder	13,289	14,437	253,889	29,160
A family member of the Controlling Shareholder	10	10	9,373	19
Key management personnel	10	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Due from related parties:				
Non-trade-related:				
Joint ventures	2,035,456	2,994,541	2,600,148	2,529,656
Associates	301,810	189,851	302,234	345,612
Companies controlled by the Controlling Shareholder*	113,428	226,872	1,505,508	1,018,148
A company controlled by a family member of the Controlling Shareholder*	–	579,759	777,418	150,729
A family member of the Controlling Shareholder*	18,803	93,427	70,701	63,461
Key management personnel*	10,000	10,000	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grand total	<u>2,504,108</u>	<u>4,161,637</u>	<u>5,560,849</u>	<u>4,178,402</u>

* The board of directors of the Company confirmed that the non-trade amounts due from those related parties of RMB1,232.3 million at 30 April 2020 will be fully settled before the Listing.

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties:				
Trade-related:				
Associates	–	–	9,805	–
Companies controlled by the Controlling Shareholder	1,271,677	3,329,741	4,458,991	3,345,071
Companies controlled by family members of the Controlling Shareholder	30,247	95,467	495,830	352,784
A family member of the Controlling Shareholder	4,070	440	–	144
Key management personnel	–	–	812	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties:				
Non-trade-related:				
Joint ventures	11,000	174,077	371,493	486,204
Associates	41,120	215,846	371,495	404,249
Companies controlled by the Controlling Shareholder*	2,988,004	2,085,475	68,270	134,176
Companies controlled by a family member of the Controlling Shareholder*	–	–	139,200	–
Controlling Shareholder*	12,183	6,183	6,183	6,177
A family member of the Controlling Shareholder*	133,542	1,914	34,242	36,023
Key management personnel*	–	–	–	51,000
Grand total	<u>4,491,843</u>	<u>5,909,143</u>	<u>5,956,321</u>	<u>4,815,928</u>

In accordance with the shareholders' agreements of the joint ventures and associates, the Group and other shareholders of the joint ventures and associates provided funds proportionately to the joint ventures and associates. In the opinion of the directors of the Company, these non-trade amounts due from or due to joint ventures and associates will be settled from time to time, depending on the progress of the construction, development and pre-sale or sale of the jointly-developed properties, until the final settlement and/or distribution of the jointly-developed properties. The Group does not intend to settle all non-trade amounts due from or due to joint ventures and associates prior to the Listing.

* The board of directors of the Company confirmed that the non-trade amounts due to those related parties of RMB227.4 million at 30 April 2020 will be fully settled before the Listing.

Balances with the above related parties were unsecured, non-interest-bearing and repayable on demand.

(5) Compensation of key management personnel of the Group

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term employee benefits	2,484	27,999	30,472	8,088
Pension scheme contributions	350	690	1,127	415
Total compensation paid to key management personnel	<u>2,834</u>	<u>28,689</u>	<u>31,599</u>	<u>8,503</u>

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2017

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables (note 22)	35,429	–	35,429
Financial assets included in prepayments, deposits and other receivables (note 24)	3,891,115	–	3,891,115
Financial assets at fair value through profit or loss (note 25)	–	330,293	330,293
Due from related parties (note 40)	2,504,108	–	2,504,108
Restricted cash (note 26)	2,375,494	–	2,375,494
Pledged deposits (note 26)	195,133	–	195,133
Cash and cash equivalents (note 26)	3,229,359	–	3,229,359
	<u>12,230,638</u>	<u>330,293</u>	<u>12,560,931</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables (note 27)	1,756,047
Financial liabilities included in other payables and accruals (note 28)	4,429,538
Due to related parties (note 40)	4,491,843
Interest-bearing bank and other borrowings (note 30)	24,164,325
Asset-backed securities (note 32)	1,710,080
Lease liabilities (note 14)	14,829
	<u>36,566,662</u>

31 December 2018

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables (<i>note 22</i>)	226,136	–	226,136
Financial assets included in prepayments, deposits and other receivables (<i>note 24</i>)	4,066,256	–	4,066,256
Financial assets at fair value through profit or loss (<i>note 25</i>)	–	52,433	52,433
Due from related parties (<i>note 40</i>)	4,161,637	–	4,161,637
Restricted cash (<i>note 26</i>)	4,074,584	–	4,074,584
Pledged deposits (<i>note 26</i>)	670,560	–	670,560
Cash and cash equivalents (<i>note 26</i>)	3,113,634	–	3,113,634
	<u>16,312,807</u>	<u>52,433</u>	<u>16,365,240</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables (<i>note 27</i>)	5,063,976
Financial liabilities included in other payables and accruals (<i>note 28</i>)	2,781,640
Due to related parties (<i>note 40</i>)	5,909,143
Interest-bearing bank and other borrowings (<i>note 30</i>)	26,003,223
Senior notes (<i>note 31</i>)	644,958
Asset-backed securities (<i>note 32</i>)	2,416,926
Lease liabilities (<i>note 14</i>)	58,743
	<u>42,878,609</u>

31 December 2019

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables (<i>note 22</i>)	195,012	–	195,012
Financial assets included in prepayments, deposits and other receivables (<i>note 24</i>)	3,460,945	–	3,460,945
Financial assets at fair value through profit or loss (<i>note 25</i>)	–	20,567	20,567
Due from related parties (<i>note 40</i>)	5,560,849	–	5,560,849
Restricted cash (<i>note 26</i>)	4,207,533	–	4,207,533
Pledged deposits (<i>note 26</i>)	342,651	–	342,651
Cash and cash equivalents (<i>note 26</i>)	2,412,297	–	2,412,297
	<u>16,179,287</u>	<u>20,567</u>	<u>16,199,854</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (<i>note 27</i>)	5,102,436
Financial liabilities included in other payables and accruals (<i>note 28</i>)	3,911,073
Due to related parties (<i>note 40</i>)	5,956,321
Interest-bearing bank and other borrowings (<i>note 30</i>)	27,305,522
Asset-backed securities (<i>note 32</i>)	205,551
Lease liabilities (<i>note 14</i>)	125,590
Senior notes (<i>note 31</i>)	1,016,301
	<u>43,622,794</u>

30 April 2020*Financial assets*

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables (<i>note 22</i>)	42,377	–	42,377
Financial assets included in prepayments deposits and other receivables (<i>note 24</i>)	3,253,614	–	3,253,614
Financial assets at fair value through profit or loss (<i>note 25</i>)	–	373,524	373,524
Due from related parties (<i>note 40</i>)	4,178,402	–	4,178,402
Restricted cash (<i>note 26</i>)	4,971,242	–	4,971,242
Pledged deposits (<i>note 26</i>)	617,363	–	617,363
Cash and cash equivalents (<i>note 26</i>)	2,446,901	–	2,446,901
	<u>15,509,899</u>	<u>373,524</u>	<u>15,883,423</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (<i>note 27</i>)	6,133,449
Financial liabilities included in other payables and accruals (<i>note 28</i>)	3,905,668
Due to related parties (<i>note 40</i>)	4,815,928
Interest-bearing bank and other borrowings (<i>note 30</i>)	30,663,856
Lease liabilities (<i>note 14</i>)	123,701
Senior notes (<i>note 31</i>)	1,550,428
	<u>47,193,030</u>

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	31 December 2017	31 December 2018	31 December 2019	30 April 2020	31 December 2017	31 December 2018	31 December 2019	30 April 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Financial assets at FVTPL (note 25)	330,293	52,433	20,567	373,524	330,293	52,433	20,567	373,524
Financial liabilities								
Interest-bearing bank and other borrowings (note 30)	24,164,325	26,003,223	27,305,522	30,663,856	23,999,363	26,111,572	27,522,347	31,067,279

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade and bills receivables, amounts due from related parties, financial assets included in prepayments and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to related parties, lease liabilities, senior notes and asset-backed securities are approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has estimated the fair values of the financial assets at FVTPL by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the financial assets at FVTPL is categorised within Level 2 and Level 3 of the fair value hierarchy.

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2017, 2018 and 2019 and 30 April 2020 was assessed to be insignificant.

For the fair values of other financial liabilities, management has estimated by discounting the expected future cash flows using expected return rates for the underlying assets in order to estimate the cash outflow amounts to settle the liability. The fair value measurement of the financial liability is categorised within Level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the group financial controller. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:*Financial assets at FVTPL*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2017	–	330,293	–	330,293
As at 31 December 2018	–	49,397	3,036	52,433
As at 31 December 2019	–	17,529	3,038	20,567
As at 30 April 2020	–	373,524	–	373,524

The unlisted equity investment which fell into level 3 in fair value measurement hierarchy is investment held for trading and the significant unobservable input is discount for lack of marketability ("DLOM"). When DLOM changes 5%/5%, the valuation of the financial assets at FVTPL changes RMB(214,000)/RMB214,000 and RMB(233,000)/RMB233,000 as at 31 December 2018 and 2019 respectively.

Liabilities for which fair values are disclosed:*Interest-bearing bank and other borrowings*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2017	–	23,999,363	–	23,999,363
As at 31 December 2018	–	26,111,572	–	26,111,572
As at 31 December 2019	–	27,522,347	–	27,522,347
As at 30 April 2020	–	31,067,279	–	31,067,279

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank equivalents, restricted cash, pledged deposits, trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, financial assets at fair value through profit or loss, other financial liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 30. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB3,189,000, RMB5,328,000, RMB5,221,000 and RMB1,423,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively.

(b) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade and bills receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade and bills receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2017

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	35,429	35,429
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,891,115	–	–	–	3,891,115
Financial assets at fair value through profit or loss	330,293	–	–	–	330,293
Due from related parties	2,504,108	–	–	–	2,504,108
Restricted cash					
– Not yet past due	2,375,494	–	–	–	2,375,494
Pledged deposits					
– Not yet past due	195,133	–	–	–	195,133
Cash and cash equivalents					
– Not yet past due	3,229,359	–	–	–	3,229,359
	<u>12,525,502</u>	<u>–</u>	<u>–</u>	<u>35,429</u>	<u>12,560,931</u>

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	226,136	226,136
Financial assets included in prepayments, deposits and other receivables					
– Normal**	4,066,256	–	–	–	4,066,256
Financial assets at fair value through profit or loss	52,433	–	–	–	52,433
Due from related parties	4,161,637	–	–	–	4,161,637
Restricted cash					
– Not yet past due	4,074,584	–	–	–	4,074,584
Pledged deposits					
– Not yet past due	670,560	–	–	–	670,560
Cash and cash equivalents					
– Not yet past due	3,113,634	–	–	–	3,113,634
	<u>16,139,104</u>	<u>–</u>	<u>–</u>	<u>226,136</u>	<u>16,365,240</u>

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	195,012	195,012
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,460,945	–	–	–	3,460,945
Financial assets at fair value through profit or loss	20,567	–	–	–	20,567
Due from related parties	5,560,849	–	–	–	5,560,849
Restricted cash					
– Not yet past due	4,207,533	–	–	–	4,207,533
Pledged deposits					
– Not yet past due	342,651	–	–	–	342,651
Cash and cash equivalents					
– Not yet past due	2,412,297	–	–	–	2,412,297
	<u>16,004,842</u>	<u>–</u>	<u>–</u>	<u>195,012</u>	<u>16,199,854</u>

As at 30 April 2020

	ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	42,377	42,377
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,253,614	–	–	–	3,253,614
Financial assets at fair value through profit or loss	373,524	–	–	–	373,524
Due from related parties	4,178,402	–	–	–	4,178,402
Restricted cash					
– Not yet past due	4,971,242	–	–	–	4,971,242
Pledged deposits					
– Not yet past due	617,363	–	–	–	617,363
Cash and cash equivalents					
– Not yet past due	2,446,901	–	–	–	2,446,901
	<u>15,841,046</u>	<u>–</u>	<u>–</u>	<u>42,377</u>	<u>15,883,423</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the Historical Financial Information. There is no significant concentration of credit risk.

** The credit quality of amounts due from related parties and the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017					
Trade and bills payables	1,756,047	–	–	–	1,756,047
Other payables	4,975,785	–	–	–	4,975,785
Due to related parties	4,491,843	–	–	–	4,491,843
Lease liabilities	–	1,732	5,560	10,336	17,628
Asset-backed securities	–	431,299	1,413,344	–	1,844,643
Interest-bearing bank and other borrowings	–	2,733,107	8,083,401	16,754,471	27,570,979
	<u>11,223,675</u>	<u>3,166,138</u>	<u>9,502,305</u>	<u>16,764,807</u>	<u>40,656,925</u>
31 December 2018					
Trade and bills payables	5,063,976	–	–	–	5,063,976
Other payables	3,759,979	–	–	–	3,759,979
Due to related parties	5,909,143	–	–	–	5,909,143
Lease liabilities	–	7,630	22,889	41,666	72,185
Asset-backed securities	–	2,492,443	1,471,452	–	3,963,895
Interest-bearing bank and other borrowings	–	4,108,184	10,411,217	17,318,793	31,838,194
Senior notes	–	–	685,934	–	685,934
	<u>14,733,098</u>	<u>6,608,257</u>	<u>12,591,492</u>	<u>17,360,459</u>	<u>51,293,306</u>
31 December 2019					
Trade and bills payables	5,102,436	–	–	–	5,102,436
Other payables	4,898,470	–	–	–	4,898,470
Due to related parties	5,956,321	–	–	–	5,956,321
Lease liabilities	–	12,592	37,775	94,742	145,109
Asset-backed securities	–	216,286	–	–	216,286
Interest-bearing bank and other borrowings	–	2,707,854	8,199,509	20,147,122	31,054,485
Senior notes	–	307,771	758,413	–	1,066,184
	<u>15,957,227</u>	<u>3,244,503</u>	<u>8,995,697</u>	<u>20,241,864</u>	<u>48,439,291</u>
30 April 2020					
Trade and bills payables	6,133,449	–	–	–	6,133,449
Other payables	4,645,376	–	–	–	4,645,376
Due to related parties	4,815,928	–	–	–	4,815,928
Lease liabilities	–	8,845	41,650	80,876	131,371
Interest-bearing bank and other borrowings	–	3,490,375	13,427,456	16,963,159	33,880,990
Senior notes	–	118,047	45,136	1,656,793	1,819,976
	<u>15,594,753</u>	<u>3,617,267</u>	<u>13,514,242</u>	<u>18,700,828</u>	<u>51,427,090</u>

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings and other financial liabilities, less cash and cash equivalents, pledged deposits and restricted cash. Capital represents equity attributable to owners of the parent. The gearing ratio as at the end of each of the Relevant Periods was as follows:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	1,756,047	5,063,976	5,102,436	6,133,449
Other payables and accruals	4,975,785	3,759,979	4,898,470	4,645,376
Due to related parties	4,491,843	5,909,143	5,956,321	4,815,928
Senior notes	–	644,958	1,016,301	1,550,428
Interest-bearing bank and other borrowings	24,164,325	26,003,223	27,305,522	30,663,856
Asset-backed securities	1,710,080	2,416,926	205,551	–
Less: Cash and cash equivalents	(3,229,359)	(3,113,634)	(2,412,297)	(2,446,901)
Pledged deposits	(195,133)	(670,560)	(342,651)	(617,363)
Restricted cash	(2,375,494)	(4,074,584)	(4,207,533)	(4,971,242)
Net debt	31,298,094	35,939,427	37,522,120	39,773,531
Equity attributable to owners of the parent	681,545	1,957,796	4,617,425	4,329,489
Capital and net debt	31,979,639	37,897,223	42,139,545	44,103,020
Gearing ratio	98%	95%	89%	90%

44. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests				
Taixing Xiangrui Real Estate Co., Ltd. ("Taixing Shinsun Xiangrui")	30%	30%	30%	30%
Zhuji Shinsun Hongyuan Real Estate Co., Ltd. ("Zhuji Shinsun Hongyuan")	49%	49%	49%	49%
Zhuji Shinsun Xiangqi Real Estate Co., Ltd. ("Zhuji Shinsun Xiangqi")	47%	47%	47%	47%
(Loss)/profit for the year allocated to non-controlling interests:				
Taixing Shinsun Xiangrui	(5,585)	30,689	68,959	(4,522)
Zhuji Shinsun Hongyuan	5,401	1,724	(2,190)	(38)
Zhuji Shinsun Xiangqi	357	(6,053)	141,892	410
	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated balances of non-controlling interests:				
Taixing Shinsun Xiangrui	33,596	64,285	133,244	65,498
Zhuji Shinsun Hongyuan	83,047	84,770	82,580	82,542
Zhuji Shinsun Xiangqi	35,607	29,554	171,446	171,856

The following table illustrates the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

For the year ended 31 December 2017

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,293,067	190,317	–
Total expenses	(1,311,683)	(179,295)	759
(Loss)/profit for the year	(18,616)	11,022	759
Total comprehensive (loss)/income for the year	(18,616)	11,022	759
Attributable to:			
Owners of the parent	(13,031)	5,621	402
Non-controlling interests	(5,585)	5,401	357
	(18,616)	11,022	759
Current assets	3,976,925	199,065	315,215
Non-current assets	49,502	1,378	4,600
Current liabilities	(3,647,940)	(30,945)	(243,945)
Non-current liabilities	(266,500)	(16)	(111)
	111,987	169,482	75,759
Attributable to:			
Owners of the parent	78,391	86,436	40,152
Non-controlling interests	33,596	83,046	35,607
	111,987	169,482	75,759
Net cash flows generated from/(used in) operating activities	375,019	136,254	(17,394)
Net cash flows used in investing activities	(338,120)	(83,793)	(92)
Net cash flows (used in)/generated from financing activities	(3,959)	(40,200)	89,900
Net increase in cash and cash equivalents	32,940	12,261	72,414

For the year ended 31 December 2018

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	843,989	15,921	–
Total expenses	(741,693)	(12,403)	(12,879)
Profit/(loss) for the year	102,296	3,518	(12,879)
Total comprehensive income/(loss) for the year	<u>102,296</u>	<u>3,518</u>	<u>(12,879)</u>
Attributable to:			
Owners of the parent	71,607	1,794	(6,826)
Non-controlling interests	<u>30,689</u>	<u>1,724</u>	<u>(6,053)</u>
	<u>102,296</u>	<u>3,518</u>	<u>(12,879)</u>
Current assets	5,186,903	185,296	1,218,037
Non-current assets	67,895	733	19,264
Current liabilities	(4,506,376)	(13,022)	(1,174,024)
Non-current liabilities	<u>(534,140)</u>	<u>(7)</u>	<u>(397)</u>
	<u>214,282</u>	<u>173,000</u>	<u>62,880</u>
Attributable to:			
Owners of the parent	149,997	88,230	33,326
Non-controlling interests	<u>64,285</u>	<u>84,770</u>	<u>29,554</u>
	<u>214,282</u>	<u>173,000</u>	<u>62,880</u>
Net cash flows generated from operating activities	423,696	37,947	680,604
Net cash flows used in investing activities	(886,305)	(39,000)	(795,282)
Net cash flows generated from financing activities	<u>557,046</u>	<u>–</u>	<u>59,100</u>
Net increase/(decrease) in cash and cash equivalents	<u>94,437</u>	<u>(1,053)</u>	<u>(55,578)</u>

For the year ended 31 December 2019

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,971,262	34,417	1,104,816
Total expenses	(1,741,397)	(38,886)	(802,918)
Profit/(loss) for the year	229,865	(4,469)	301,898
Total comprehensive income/(loss) for the year	229,865	(4,469)	301,898
Attributable to:			
Owners of the parent	160,906	(2,279)	160,006
Non-controlling interests	68,959	(2,190)	141,892
	229,865	(4,469)	301,898
Current assets	4,343,867	174,187	695,200
Non-current assets	53,286	1,108	21
Current liabilities	(3,693,193)	(6,764)	(330,443)
Non-current liabilities	(259,813)	–	–
	444,147	168,531	364,778
Attributable to:			
Owners of the parent	310,903	85,951	193,332
Non-controlling interests	133,244	82,580	171,446
	444,147	168,531	364,778
Net cash flows generated from/(used in) operating activities	226,300	(7,726)	(100,479)
Net cash flows (used in)/generated from investing activities	(148,170)	–	163,038
Net cash flows used in financing activities	(198,038)	–	(74,000)
Net decrease in cash and cash equivalents	(119,908)	(7,726)	(11,441)

For the four months ended 30 April 2020

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	10,808	–	1,871
Total expenses	(25,880)	(78)	(998)
(Loss)/profit for the period	(15,072)	(78)	873
Total comprehensive (loss)/income for the period	<u>(15,072)</u>	<u>(78)</u>	<u>873</u>
Attributable to:			
Owners of the parent	(10,550)	(40)	463
Non-controlling interests	<u>(4,522)</u>	<u>(38)</u>	<u>410</u>
	<u>(15,072)</u>	<u>(78)</u>	<u>873</u>
Current assets	4,549,785	174,101	644,511
Non-current assets	56,746	1,108	12
Current liabilities	(4,384,236)	(6,756)	(278,872)
Non-current liabilities	<u>(3,966)</u>	<u>–</u>	<u>–</u>
	<u>218,329</u>	<u>168,453</u>	<u>365,651</u>
Attributable to:			
Owners of the parent	152,831	85,911	193,795
Non-controlling interests	<u>65,498</u>	<u>82,542</u>	<u>171,856</u>
	<u>218,329</u>	<u>168,453</u>	<u>365,651</u>
Net cash flows used in operating activities	(549,780)	(86)	(6,095)
Net cash flows generated from investing activities	632,297	–	807
Net cash flows used in financing activities	<u>(83,870)</u>	<u>–</u>	<u>–</u>
Net decrease in cash and cash equivalents	<u>(1,353)</u>	<u>(86)</u>	<u>(5,288)</u>

45. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property development activities	27,209,976	31,974,383	24,806,046	23,411,179
Acquisition of a land use right	5,416,306	531,558	2,388,549	3,605,764
	<u>32,626,282</u>	<u>32,505,941</u>	<u>27,194,595</u>	<u>27,016,943</u>

46. EVENTS AFTER THE RELEVANT PERIODS

As part of the Group reorganisation, on 7 May 2020, Zhejiang Xiangshen Business Consulting Co., Ltd. ("Xiangshen Business Consulting") made a capital injection of approximately RMB15.2 million into Zhuji Zhuojie Business Management Co., Ltd. ("Zhuji Zhuojie"), which was fully paid up in cash on 14 May 2020. Upon completion of such capital injection, Zhuji Zhuojie was owned as to 60.8081% by Xiangshen Business Consulting, 38.8% by Zhuji Xiangshen and 0.3919% by Golden Stone Hong Kong Limited. On 11 May 2020, Zhuji Xiangshen transferred its 38.8% equity interests in Zhuji Zhuojie to Xiangshen Business Consulting at a consideration of approximately RMB2.5 billion. The consideration was settled in cash by 14 May 2020. On 20 May 2020, Golden Stone transferred one share of Silver Rock, representing the entire issued share capital of Silver Rock to the Company, which was settled by way of issue and allotment of 10 ordinary shares to Golden Stone. On the same date, the Company issued and allotted 890 ordinary shares to Shinlight Limited for a cash consideration of US\$200 million which was settled by 6 August 2020.

On 20 May 2020, Xiang Sheng Holding Limited additionally issued US\$97.0 million aggregate principal amount of 12.5% senior notes due 2022 ("the 2020 Notes"). The Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property Group Co., Ltd. and Mr. Chen Guoxiang, the Controlling Shareholder.

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19") has spread across China and other countries, currently the directors of the Company do not expect that the COVID-19 pandemic will have a material adverse impact on the results of operations and management will continue to monitor the COVID-19 situation and will take further actions as necessary and appropriate in response to the COVID-19 consequences.

As at the date of approval of the Historical Financial Information, apart from the events detailed elsewhere in this report, the Group did not have any other significant event subsequent to 30 April 2020.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2020.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets attributable to the owners of the Company as of 30 April 2020 as if it had taken place on 30 April 2020.

The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 April 2020 or any future date. It is prepared based on our combined net tangible assets as of 30 April 2020 as set out in the Accountants' Report as set out in Appendix I to this Prospectus and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix I to this Prospectus.

	Combined net tangible assets attributable to owners of the Company as of 30 April 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share	Unaudited pro forma adjusted combined net tangible assets per Share
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	(HK\$) (Note 4)
Based on an Offer Price of HK\$4.80 per Share	4,317,537	2,343,248	6,660,785	2.22	2.57
Based on an Offer Price of HK\$6.20 per Share	4,317,537	3,043,234	7,360,771	2.45	2.84

Notes:

- (1) The combined net tangible assets attributable to owners of the Company as of 30 April 2020 is extracted from the Accountants' Report, which is based on the audited combined equity attributable to owners of the Company as of 30 April 2020 of approximately RMB4,329.5 million less the Group's intangible assets as at 30 April 2020 of approximately RMB12.0 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$4.80 per Share and HK\$6.20 per Share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by the Company, and do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by the Group pursuant to the general mandates granted to the Directors to issue or repurchase Shares. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8636.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 3,000,000,000 Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, after taking into account the subdivision of each ordinary share in the issued and unissued share capital of the Company into 100 ordinary shares on May 11, 2020, without taking into account shares that may be issued upon the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8636.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company does not take into account the following considerations for group re-organisation after 30 April 2020:
 - (i) a consideration of approximately RMB2.5 billion paid to Zhuji Xiangshen Industrial Co., Ltd. to acquire 38.8% equity interests in Zhuji Zhuojie Business Management Co., Ltd. on 11 May 2020;
 - (ii) a consideration of USD200 million to be received for the allotment of 890 shares issued on 20 May 2020 to Shinlight Limited, and such considerations was settled by it using funds from Hong Yuan International Holdings Limited (弘源國際控股有限公司) ("Hong Yuan International"), which was obtained from proceeds from the issuance of U.S. denominated bonds by an offshore subsidiary of the Group. Hong Yuan International subsequently repaid such financing partially using the fund in the amount of approximately USD132.7 million which Hong Yuan International received from the acquisition of equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) and Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司) as part of group re-organisation.

Had the two considerations been taken into account, the unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per share would be HK\$2.15 or RMB1.86 per share (based on the Offer Price of HK\$4.80 per Offer Share) or HK\$2.42 or RMB2.09 per share (based on the Offer Price of HK\$6.20 per Offer Share).

- (6) No adjustment has been made to reflect any trading result or open transaction of the Group entered into subsequent to 30 April 2020.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a letter received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Shinsun Holdings (Group) Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shinsun Holdings (Group) Co., Ltd. and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 30 April 2020, and related notes as set out on page II-1 of the prospectus dated 30 October 2020 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 April 2020 as if the transaction had taken place at 30 April 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the four-month period ended 30 April 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

30 October 2020

The following is the text of a letter and summary disclosure of property valuation, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 July 2020 of the selected property interests held by Shinsun Holdings (Group) Co., Ltd. As described in section “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in Appendix VI, a copy of full property valuation report will be made available for public inspection.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

30 October 2020

The Board of Directors
Shinsun Holdings (Group) Co., Ltd.
Building 5
Henderson-CIFI Centre South
Minhang District
Shanghai
PRC

Dear Sirs,

In accordance with your instructions to value the selected property interests held by Shinsun Holdings (Group) Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 July 2020 (the “**valuation date**”).

The property interests included in our valuation comprises 134 projects of the Group. The total carrying amount of property interests not valued is less than 10% of the Group’s total assets as at the valuation date.

For the purpose of this report, we classified these properties as the property interests relating to “property activities” which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Furthermore, we have adopted the below guidance on what constitutes a property interest:–

- (a) one or more units in the same building or complex;
- (b) one or more properties located at the same address or lot number;
- (c) one or more properties comprising an integrated facility;
- (d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);
- (e) one or more properties held for investment within one complex;
- (f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or
- (g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interests in Group I which are held for sale by the Group and property interests in Group III which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificates/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates/Real Estate Title Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contracts have been signed, but the State-owned Land Use Rights Certificates/Real Estate Title Certificates have not been issued.

In valuing property interests in Group II which are currently under development by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Work Commencement Permit(s) has (have) been issued while the Construction Work Completion and Inspection Certificate(s)/Table(s) of the building(s) has (have) not been issued.

For the property interests in Group IV which are contracted to be acquired by the Group, the Group has entered into agreements with the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificates/Real Estate Title Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

We have valued the property interests in Group V which are held for investment by the Group by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any Tenancy Amendment. We have relied considerably on the advice given by the Company's PRC Legal Adviser — Commerce & Finance Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out from May 2020 to August 2020 by about 26 technical staff including Mr. Jack Zhu, Mr. Samuel Feng, Mr. Jimmy Gu, Mr. Eric Lu, Ms. Raina Zheng, Mr. Jerry He, Ms. Yang Liu, Ms. Queenie Lu, etc. They are Chartered Surveyors/China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers and have 2 to 10 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to real estate valuation.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also noted that market activity and market sentiment in these particular market sectors remains stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have further impact on the real estate market. Therefore, we recommend that you keep the valuation of the properties under frequent review.

In accordance with the requirements in rule 5.02B of Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, as the value of each property as at the valuation date was less than 5% of the total value of the property interests, we present the property information and valuation in the format of summary disclosure.

Our summary disclosure of property valuation is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 26 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY DISCLOSURE OF PROPERTY VALUATION

Abbreviation:

GFA: Gross Floor Area

R: Residential

C: Commercial

O: Office

H: Hotel

CPS: Car Parking Space

“_”: Not Applicable or Not Available

*: In this Summary Disclosure of Property Valuation, the values and the interest percentages were subject to rounding adjustments.

Group I — Properties held for sale by the Group in the PRC

Property No.	Name of Property	Province/ Municipality	Site Area	Use	Total GFA	Total Saleable GFA (excluding CPS)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total GFA Pre-Sold (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date*	Interest to the Attributable Group*	Market Value Attributable to the Group as at the Valuation Date*	Market Value for reference (for properties without proper title certificates) as at the Valuation Date*
			(sq.m.)		(sq.m.)	(sq.m.)						(sq.m.)	(RMB)	(RMB)	(RMB)		(RMB)	(RMB)
1	Unsold portion of Hangzhou Shinsun Qunxian Mansion	Zhejiang	-	R, C	954,431.38	833,004.09	6,971	- 26 December 2086 for residential use, 26 December 2056 for commercial use	-	-	October 2019	42,711.63	-	-	12,221,000,000	100%	11,432,000,000	-
2	Unsold portion of Hangzhou Shinsun Yurpu Xinyu Apartment	Zhejiang	-	R, C	622.50	622.50	-	8 September 2086 for residential use	-	-	December 2018	622.50	-	-	18,000,000	100%	18,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Total GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total Saleable GFA (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
3	Unsold portion of Anji Shinsun Oriental Arbor Garden	Zhejiang	-	52,143.55	52,143.55	-	12 December 2087 for residential use, 12 December 2057 for commercial use	-	-	December 2019	9,381.31	-	-	845,000,000	100%	845,000,000	-
4	Unsold portion of Narxun Shinsun Waterside Arbor Garden	Zhejiang	-	214,037.32	200,746.70	1780	17 September 2087 for residential use, 17 September 2057 for commercial use and 17 September 2067 for sanitary use	-	-	July 2020	-	-	-	2,155,000,000	100%	2,155,000,000	-
5	Unsold portion of Haining Shinsun Xinyu Mansion	Zhejiang	-	8,298.88	6,866.08	36	8 November 2086 for residential use, 8 November 2056 for commercial use	-	-	June 2019	837.76	-	-	210,000,000	60%	126,000,000	-
6	Unsold portion of Cixi Shinsun Wangyue Mansion	Zhejiang	-	578.75	265.66	9	17 October 2087 for residential use, 17 October 2057 for commercial use, 17 October 2067 for health, medical and benevolent use	-	-	December 2019	-	-	-	2,000,000	100%	2,000,000	-
7	Unsold portion of Quzhou Shinsun Guantang Mansion	Zhejiang	-	997.00	601.93	-	10 July 2087 for residential use, 10 July 2057 for commercial use	-	-	July 2020	-	-	-	10,000,000	80%	8,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area Use	Total GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
8	Unsold portion of Zhuiji Shinsun Future City	Zhejiang	- R, C, CPS	45,933.51	41,361.73	323	17 November 2049 for commercial use, 17 November 2079 for residential use	-	-	January 2020	-	-	-	522,000,000	100%	522,000,000	-
9	Unsold portion of Linhai Shinsun Jinlin Mansion	Zhejiang	- R, CPS	97,170.20	84,101.23	424	22 February 2087 for residential use, 22 February 2057 for commercial use	-	-	April 2020	84,101.23	-	-	1,689,000,000	100%	1,689,000,000	-
10	Unsold portion of Wenling Shinsun Jinlin Mansion	Zhejiang	- R	79,677.26	79,677.26	758	2 May 2087 for residential use, 2 May 2057 for commercial use	-	-	July 2020	79,677.26	-	-	2,836,000,000	100%	2,836,000,000	-
11	Unsold portion of Zhoushan Shinsun Nanshan County Garden	Zhejiang	- C	164.30	164.30	-	24 April 2086 for residential use	-	-	August 2018	-	-	-	3,000,000	100%	3,000,000	-
12	Unsold portion of Shanghai Shinsun Futian Garden	Shanghai	- R, CPS	13,096.45	6,719.33	164	27 April 2077 for residential use	-	-	March 2012	1,588.41	-	-	297,000,000	68%	201,000,000	-
13	Unsold portion of Jiyang Shinsun Central Mansion	Shandong	- R, C, CPS, Storage	2,289.91	1,749.21	19	4 March 2088, 16 October 2088, 12 December 2086, 14 May 2089 and 26 November 2089 for residential use	-	-	July 2020	-	-	-	22,000,000	60%	13,000,000	-
14	Unsold portion of Liaoning Shinsun Yuechu Mansion	Liaoning	- R, C, CPS	10,547.91	9,853.62	36	30 August 2080 for residential use, 30 August 2050 for commercial use	-	-	December 2019	-	-	-	79,000,000	51%	40,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
15	Unsold portion of Lianyungang Shinsun Cangwu Spring Garden	Jiangsu	-	C, O	38,141.28	18,533.46	-	15 May 2056 for accommodation, office and retail uses, 15 May 2086 for residential use	-	-	July 2020	18,533.46	-	-	369,000,000	90%	332,000,000	-
16	Unsold portion of Lianyungang Shinsun Hanlin Mansion	Jiangsu	-	R	285.53	285.53	-	4 April 2056 for residential use	-	-	November 2019	285.53	-	-	3,000,000	100%	3,000,000	-
17	Unsold portion of Rudong Shinsun Hanlin Garden Phase II	Jiangsu	-	C, CPS	8,399.86	1,848.58	213	21 September 2087 for residential use, 21 September 2057 for commercial use	-	-	June 2020	-	-	-	48,000,000	100%	48,000,000	-
18	Unsold portion of Zhangjiagang Shinsun Oriental Arbor Garden	Jiangsu	-	CPS, Storage	2,991.31	1,318.30	138	14 January 2088 for residential use	-	-	May 2020	-	-	-	14,000,000	100%	14,000,000	-
19	Unsold portion of Taixing Shinsun Guantang Mansion	Jiangsu	-	R, CPS	101,738.40	96,457.23	335	19 September 2087 for residential use, 19 September 2057 for commercial use	-	-	July 2020	61,388.17	-	-	667,000,000	70%	467,000,000	-
20	Unsold portion of Taixing Shinsun Future City Garden	Jiangsu	-	R, C, CPS, Storage	47,193.58	29,231.55	946	11 May 2085 for residential use, 11 May 2055 for commercial use	-	-	May 2020	6,863.95	-	-	285,000,000	70%	200,000,000	-
21	Unsold portion of Suqian Shinsun Yunhu Arbor Garden	Jiangsu	-	CPS, Storage	2,749.49	2,741.94	558	3 August 2087 for residential use	-	-	June 2020	-	-	-	73,000,000	100%	73,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total GFA (sq.m.)	Total Saleable GFA (excluding CPS)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total Saleable GFA (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
22	Unsold portion of Yueyang Shinsun Jinlin Mansion	Hunan	-	R	6,422.31	6,422.31	-	24 September 2077 for residential use, 24 September 2047 for commercial use	-	-	October 2018	-	-	-	85,000,000	100%	85,000,000	-
23	Unsold portion of Lint Shinsun Jiangshan Arbor	Hunan	-	R, CPS	1,982.65	1,860.14	6	21 December 2087 for residential use	-	-	May 2020	771.20	-	-	10,000,000	70%	7,000,000	-
24	Unsold portion of Xiantao Shinsun Guanlan Mansion	Hubei	-	R	419.01	419.01	-	18 December 2082 for residential use, 18 December 2052 for commercial use	-	-	June 2020	-	-	-	2,000,000	100%	2,000,000	-
25	Unsold portion of Nanping Shinsun Vjing Flower City	Fujian	-	R, C	56,504.03	56,504.03	-	20 August 2084 for residential use	-	-	April 2020	-	-	-	324,000,000	100%	324,000,000	-
26	Unsold portion of Chuzhou Shinsun Oriental Arbor	Anhui	-	R	3,805.97	3,805.97	-	15 June 2087 for residential use, 15 June 2057 for commercial use	-	-	December 2019	-	-	-	40,000,000	100%	40,000,000	-
27	Unsold portion of Dingyuan Shinsun Mansion	Anhui	-	R, C	69,868.69	69,868.69	-	26 January 2088 for residential use	-	-	July 2020	69,868.69	-	-	406,000,000	51%	207,000,000	-
28	Unsold portion of Nanling Shinsun Oriental Arbor	Anhui	-	R	8,324.31	8,324.31	-	27 December 2087 for residential use, 27 December 2057 for commercial use	-	-	July 2020	8,324.31	-	-	57,000,000	51%	29,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total GFA (sq.m.)	Total Saleable GFA (excluding CPS)	Number of Saleable CPS	Land Use Rights Expiry Date	Construction Commencement Date	Pre-Sale Commencement Date	Completion Date	Total Saleable GFA (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
29	Unsold portion of Guangde Shinsun Flowerly Arbor	Anhui	-	R	1,406.03	1,406.03	-	18 November 2087 for residential use	-	-	December 2019	-	-	-	14,000,000	51%	7,000,000	-
30	Unsold portion of Xuancheng Shinsun Wanling Lake New City	Anhui	-	CPS	29,537.48	-	1226	26 March 2084 for residential use, 26 March 2084 for commercial use	-	-	April 2020	-	-	-	55,000,000	100%	55,000,000	-
31	Unsold portion of Xuancheng Shinsun Wanling Xinyu	Anhui	-	Storage	4,826.12	4,826.12	-	30 November 2087 for residential use, 30 November 2087 for commercial use	-	-	July 2020	-	-	-	6,000,000	100%	6,000,000	-

Notes:

- As advised by the Group, portions of the properties with a total gross floor area of approximately 384,935.41 sq.m. (excluding CPS) have been pre-sold to various third parties at a total consideration of RMB7,028,974,891. Such portions of the properties have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market values of the properties, we have taken into account the contracted prices of such portions.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisors, which contains, inter alia, the following:
 - The Group is legally and validly in possession of the land use rights with respect to the properties held for sale;
 - The Group has obtained all requisite construction work approvals in respect of the actual development progress; and
 - The Group has the rights to legally pre-sell portions of the properties according to the obtained Pre-sale Permits.

Group II — Properties held under development by the Group in the PRC

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest to the Group Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
32	Fuyang Shinsun Chengqiangyue Apartment	Zhejiang	30,163.00	R, C, CPS	15,041,435.59	10,826,122.94	92,961	25 March 2090 for residential use, 25 March 2060 for ancillary use	December 2019	April 2020	April 2022	5,711,996.39	119,910,000,000	87,815,000,000	97,975,000,000	92,070,000,000	36,000,000	-
33	Hangzhou Pingyao Harmony Garden	Zhejiang	19,052.00	C	21,106.00	17,758.90	114	21 July 2059 for commercial service use	March 2020	-	December 2021	-	346,000,000	128,000,000	138,000,000	55%	76,000,000	-
34	Hangzhou Shinsun Yinhui Chensui Apartment	Zhejiang	127,166.00	R, C, CPS	442,161.83	281,365.62	3,787	7 May 2089 for residential use, 7 May 2059 for ancillary use	December 2019	January 2020	September 2023	49,689.30	5,554,000,000	3,677,000,000	3,882,000,000	100%	3,882,000,000	-
35	Hangzhou Shinsun Yinhui Xinyu Apartment	Zhejiang	69,665.00	R, C, CPS	241,613.29	157,682.13	1,804	23 December 2088 for residential use, 23 December 2058 for commercial use	September 2018	May 2019	March 2021	83,760.15	2,946,000,000	2,663,000,000	2,691,000,000	100%	2,691,000,000	-
36	Hangzhou Shinsun Guangheying Apartment	Zhejiang	57,139.10	R, C	163,478.00	107,610.50	1,278	16 March 2090 for residential use, 16 March 2060 for commercial use	March 2020	May 2020	January 2023	43,566.97	2,405,000,000	1,669,000,000	1,670,000,000	100%	1,670,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated/ Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
37	Hangzhou Shinsun Cloud	Zhejiang	76,443.00	R, C	208,891.40	67,717.39	713	25 September 2088 for residential use, 25 September 2058 for ancillary use	December 2018	June 2019	June 2021	46,064.48	4,430,000,000	3,678,000,000	3,987,000,000	100%	3,987,000,000	-
38	Hangzhou Shinsun Xingleying Apartment	Zhejiang	66,440.00	R, C, CPS	207,366.74	136,775.75	1,593	23 June 2090 for residential use, 23 June 2060 for commercial use	June 2020	October 2020	March 2023	-	2,985,000,000	2,033,000,000	2,042,000,000	100%	2,042,000,000	-
39	Hangzhou Shinsun Jiangshanyun Yuanan Mansion	Zhejiang	79,617.00	R, C, CPS	292,406.20	168,575.62	2,277	13 May 2090 for residential use, 13 May 2060 for commercial use	May 2020	August 2020	July 2023	-	3,502,000,000	2,306,000,000	2,394,000,000	100%	2,394,000,000	-
40	Hangzhou Shinsun Jiangshanyun Yuebei Mansion	Zhejiang	57,309.00	R, CPS	204,508.50	165,556.18	1,629	27 June 2090 for residential use	June 2020	September 2020	July 2023	-	3,438,000,000	2,617,000,000	2,704,000,000	100%	2,704,000,000	-
41	Auji Shinsun Yunxi Garden	Zhejiang	22,567.00	R, C, Storage	46,275.21	34,074.35	321	2 August 2088 for residential use, 2 August 2058 for commercial use	September 2018	April 2021	January 2022	-	340,000,000	219,000,000	222,000,000	100%	222,000,000	-
42	Auji Shinsun Juxi Garden	Zhejiang	160,038.00	R, Storage	309,048.20	206,696.00	1,780	26 March 2088 for residential use	June 2018	September 2018	March 2021	99,693.88	1,969,000,000	1,290,000,000	1,298,000,000	100%	1,298,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
43	Shinsun Tianyemuge Residential Development Project	Zhejiang	26,656.00	R	33,417.98	25,136.07	169	25 March 2086 for residential use	August 2018	October 2020	December 2021	-	299,000,000	127,000,000	174,000,000	100%	174,000,000	-
44	Deqing Shinsun Yunshan Garden	Zhejiang	94,656.00	R, C, Storage	259,132.79	193,846.62	2,193	4 December 2088 for residential use, 4 December 2058 for commercial use	December 2018	January 2019	April 2021	74,776.28	1,493,000,000	1,050,000,000	1,274,000,000	60%	764,000,000	-
45	Portions of Haining Shinsun Xinyu Mansion	Zhejiang	-	C	26,814.22	26,624.86	-	8 November 2086 for residential use, 8 November 2056 for commercial use	December 2017	November 2020	August 2020	-	196,000,000	162,000,000	259,000,000	60%	155,000,000	-
46	Tongxiang Shinsun Guoyue Mansion	Zhejiang	59,576.48	R, C	152,464.76	100,044.77	865	22 April 2085 for residential use, 22 April 2058 for commercial use	July 2018	September 2018	October 2020	64,395.25	1,931,000,000	1,894,000,000	2,130,000,000	100%	2,130,000,000	-
47	Lishui Shinsun Yunshanxiang City	Zhejiang	132,957.00	R, C, CPS, Storage	219,752.14	121,255.00	1,069	20 September 2088 for residential use, 20 September 2058 for commercial use	February 2019	September 2019	September 2022	11,311.98	1,221,000,000	601,000,000	774,000,000	100%	774,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
48	Suichang Shinsun Hetai Guanlan Mansion	Zhejiang	55,086.00	R, C, CPS	137,592.81	98,153.16	970	10 December 2089 for residential use, 10 December 2059 for commercial use	December 2019	January 2020	March 2022	61,674.44	1,007,000,000	631,000,000	643,000,000	100%	643,000,000	-
49	Ningbo Shinsun Bright Jinlin Mansion	Zhejiang	65,854.00	R, C, O, CPS	179,292.26	128,080.25	1,237	27 June 2089 for residential use, 27 June 2059 for commercial use	February 2020	June 2020	March 2022	25,230.35	2,609,000,000	1,875,000,000	1,881,000,000	50%	941,000,000	-
50	Longyou Shinsun Guoyue Mansion	Zhejiang	69,937.00	R, C, CPS, Storage	187,552.21	132,199.39	1,150	27 January 2088 for residential use, 27 January 2058 for commercial use	March 2018	August 2018	December 2020	119,273.90	1,619,000,000	1,235,000,000	1,340,000,000	100%	1,340,000,000	-
51	Longyou Shinsun Hanlin Mansion	Zhejiang	86,014.00	R, C, CPS, Storage	198,608.83	138,022.78	1,145	10 August 2087 for residential use, 10 August 2057 for commercial use	September 2017	October 2017	September 2020	132,660.81	1,678,000,000	1,580,000,000	1,775,000,000	100%	1,775,000,000	-
52	Quzhou Shinsun Huijanyue Arbor	Zhejiang	40,019.00	R, C, CPS, Storage	108,274.30	70,155.39	535	4 July 2087 for residential use, 4 July 2057 for commercial use	August 2017	September 2017	October 2020	69,316.55	1,131,000,000	1,103,000,000	1,306,000,000	80%	1,045,000,000	-

Property No.	Name of Property	Province/Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
53	Qizhou Shinsun Yuehaiyang	Zhejiang	16,748.00	R, C, CPS, Storage	39,610.72	25,489.05	256	18 July 2088 for residential use, 18 July 2058 for commercial use	July 2018	September 2018	September 2020	24,175.26	451,000,000	445,000,000	497,000,000	100%	497,000,000	-
54	Keqiao Shinsun Diyang Mansion	Zhejiang	100,580.90	R, CPS	214,394.60	145,007.95	1,156	26 November 2089 for residential use	December 2019	January 2020	April 2022	48,675.07	2,453,000,000	1,768,000,000	1,899,000,000	100%	1,899,000,000	-
55	Shangyu Shinsun Mingyue Mansion	Zhejiang	87,783.40	R	231,055.78	155,349.34	1,628	10 September 2087 for residential use	January 2018	March 2018	September 2020	155,349.34	2,158,000,000	2,132,000,000	2,456,000,000	100%	2,456,000,000	-
56	Shaoxing Shinsun Jinlin Mansion	Zhejiang	54,675.00	R, C, CPS	145,172.22	97,648.96	818	9 October 2087 for residential use, 9 October 2057 for commercial use	August 2018	September 2018	June 2021	97,137.16	2,033,000,000	1,766,000,000	1,813,000,000	100%	1,813,000,000	-
57	Shaoxing Shinsun Shangxian Mansion	Zhejiang	68,993.00	R	198,443.63	136,321.68	1,444	29 March 2088 for residential use	October 2018	November 2018	March 2021	129,649.97	2,194,000,000	1,968,000,000	1,972,000,000	100%	1,972,000,000	-
58	Zhuji Shinsun Jangnan Yard	Zhejiang	118,793.10	R, C, CPS, Storage	216,368.10	159,773.93	1,334	18 February 2089 for residential use, 18 February 2059 for commercial use	April 2019	August 2019	September 2021	136,631.25	1,411,000,000	1,198,000,000	1,379,000,000	100%	1,379,000,000	-
59	Zhuji Shinsun Jinchun Mansion	Zhejiang	49,633.90	R, CPS, Storage	124,071.59	98,876.43	769	12 June 2088 for residential use	July 2018	October 2018	November 2020	98,876.43	937,000,000	883,000,000	1,051,000,000	100%	1,051,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Planned Total GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
60	Zhuji Shinsun Junlin Mansion	Zhejiang	26,464.90	49,467.65	39,992.70	284	15 May 2087 for residential use	January 2018	June 2018	August 2020	32,471.86	440,000,000	301,000,000	337,000,000	70%	236,000,000	-
61	Zhuji Shinsun Nanshan County Garden (East)	Zhejiang	231,850.70	386,074.28	261,896.17	1,807	26 April 2080 and 25 September 2089 for residential use	May 2020	August 2020	October 2024	-	2,503,000,000	824,000,000	1,267,000,000	70%	887,000,000	-
62	Zhuji Shinsun Nanshan County Garden (West)	Zhejiang	132,047.80	195,616.46	126,351.18	778	28 May 2084 and 3 September 2089 for residential use, 28 May 2054 and 3 September 2059 for commercial use	December 2019	August 2020	April 2023	-	1,445,000,000	617,000,000	733,000,000	100%	733,000,000	-
63	Zhuji Shinsun Yuehang Garden	Zhejiang	21,086.40	51,728.34	40,013.85	469	22 November 2088 for residential use	November 2018	March 2019	February 2021	36,265.49	408,000,000	343,000,000	351,000,000	100%	351,000,000	-
64	Zhuji Shinsun Cloud Garden	Zhejiang	69,419.50	147,572.40	114,090.90	1,202	29 July 2088 for residential use, 29 July 2058 for commercial use	November 2018	February 2019	November 2020	112,934.91	1,492,000,000	1,427,000,000	1,484,000,000	100%	1,484,000,000	-
65	Zhuji Shinsun Yunqi Garden	Zhejiang	82,143.90	159,609.47	121,367.45	906	12 August 2089 for residential use, 12 August 2059 for commercial use	September 2019	October 2019	April 2022	73,503.21	1,578,000,000	1,330,000,000	1,423,000,000	100%	1,423,000,000	-

Property No.	Name of Property	Province/Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
66	Zhuji Shinsun Yushang Garden	Zhejiang	69,470.60	R, CPS, Storage	165,477.73	126,171.23	1,041	8 October 2089 for residential use, 8 October 2059 for commercial use	February 2020	May 2020	February 2023	38,910.12	1,550,000,000	1,197,000,000	1,411,000,000	100%	1,411,000,000	-
67	Zhuji Shinsun Tang Arbor	Zhejiang	29,664.00	R, CPS, Storage	73,583.81	73,129.77	462	26 July 2090 for residential use	June 2020	August 2020	February 2023	-	680,000,000	403,000,000	412,000,000	100%	412,000,000	-
68	Lintai Shinsun Jiangshan Mansion	Zhejiang	41,120.00	R, C, CPS, Storage	135,483.08	102,152.21	935	9 October 2087 for residential use, 9 October 2057 for commercial use	April 2018	May 2018	December 2020	93,514.24	1,869,000,000	1,584,000,000	1,735,000,000	100%	1,735,000,000	-
69	Lintai Shinsun Future Mansion	Zhejiang	35,188.00	R, C, CPS, Storage	120,023.90	89,921.00	853	15 October 2088 for residential use, 15 October 2058 for commercial use	January 2019	June 2019	September 2021	86,385.32	1,021,000,000	828,000,000	1,001,000,000	73%	731,000,000	-
70	Luqiao Shinsun Yuebin Mansion	Zhejiang	102,520.00	R, C, CPS, Storage	318,012.41	217,638.61	1,576	27 December 2087 for residential use, 27 December 2057 for commercial use	January 2018	March 2018	December 2020	188,648.63	3,598,000,000	3,091,000,000	3,155,000,000	100%	3,155,000,000	-
71	Tiantai Shinsun Jiangshan Arbor	Zhejiang	17,147.00	R, C, CPS	70,577.89	45,074.06	438	30 August 2087 for residential use, 30 August 2057 for commercial use	November 2017	December 2017	October 2020	39,066.18	432,000,000	373,000,000	511,000,000	100%	511,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
72	Portions of Tianlai Shinsun Century Square	Zhejiang	96,286.00	R, C, CPS, Storage	418,913.90	315,859.24	2,635	15 April 2088 for residential use	July 2018	November 2018	June 2021	299,153.71	3,908,000,000	2,629,000,000	2,853,000,000	100%	2,853,000,000	-
73	Xianju Shinsun Qunxian Mansion	Zhejiang	29,931.00	R, C, O, CPS, Storage	82,923.97	62,092.20	543	13 June 2089 for residential use	July 2019	September 2019	October 2021	22,303.61	822,000,000	661,000,000	722,000,000	100%	722,000,000	-
74	Wenzhou Shinsun Xiangrui Jin Garden	Zhejiang	57,196.00	R, C, CPS	185,847.65	140,821.20	1,233	5 December 2087 for residential use, 5 December 2057 for commercial, accommodation and catering uses	May 2018	July 2018	October 2020	118,195.21	2,257,000,000	1,965,000,000	2,071,000,000	100%	2,071,000,000	-
75	Wenzhou Shinsun Shangdu Jin Garden	Zhejiang	79,769.00	R, C, CPS	268,525.59	185,429.55	1,613	22 August 2087 for residential use, 22 August 2057 for commercial, accommodation and catering, business and financial uses	December 2017	January 2018	October 2020	155,128.71	3,410,000,000	3,008,000,000	3,078,000,000	100%	3,078,000,000	-
76	Wenzhou Shinsun Park Avenue	Zhejiang	28,763.12	R, C	124,800.00	84,716.00	926	11 May 2090 for residential use, 11 May 2060 for commercial use	July 2020	September 2020	January 2023	-	2,187,000,000	703,000,000	1,391,000,000	70%	974,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
77	Portions of Zhoushan Shinsun Nanshan County Garden	Zhejiang	-	R, C	214,544.72	144,954.38	1,174	31 March 2087 for residential use	August 2017	August 2017	142,727.57	1,368,000,000	1,367,000,000	2,186,000,000	100%	2,186,000,000	-
78	Zhoushan Shinsun Yunhai Xinyu Garden	Zhejiang	34,021.71	R, C	83,902.01	60,088.69	499	10 July 2087 for residential use, 10 July 2057 for commercial use	August 2017	December 2017	60,088.69	849,000,000	844,000,000	1,088,000,000	100%	1,088,000,000	-
79	Zhoushan Shinsun Yunshan Mansion	Zhejiang	32,990.00	R, C	109,229.67	81,201.88	664	7 November 2088 for residential use, 7 November 2058 for commercial use	December 2018	April 2019	33,027.98	1,061,000,000	711,000,000	713,000,000	100%	713,000,000	-
80	Portions of Jinan Shinsun Rose Garden	Shandong	-	R, C, CPS, Storage	82,758.51	60,448.50	545	9 August 2089 for residential use, 9 August 2059 for commercial use	August 2019	December 2019	23,938.06	432,000,000	163,000,000	168,000,000	51%	86,000,000	-
81	Jiyang Shinsun West River Arbor	Shandong	122,176.42	R, C, CPS, Storage	391,158.06	311,283.24	2,380	7 August 2088 for residential use	August 2018	November 2018	197,275.52	1,901,000,000	1,689,000,000	1,779,000,000	100%	1,779,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
82	Portions of Jiang Shinsun Central Mansion	Shandong	-	R, C, H, CPS, Storage, Apartment	136,022.09	96,524.35	1,830	4 March 2088, 16 October 2088, 12 December 2086, 14 May 2089 and 26 November 2089 for residential use	December 2016	April 2017	January 2023	25,426.46	483,000,000	132,000,000	285,000,000	60%	171,000,000	-
83	Portions of Zoucheng Shinsun Future City	Shandong	-	R, C, Storage	219,303.90	171,457.72	1,296	27 August 2089 for residential use, 27 August 2059 for commercial use	April 2020	June 2020	December 2025	42,464.02	945,000,000	310,000,000	311,000,000	100%	311,000,000	-
84	Liaocheng Shinsun Jinlin Mansion	Shandong	38,470.00	R, C, Storage	132,675.66	103,980.20	715	3 April 2088 for residential use	October 2018	November 2018	October 2021	101,172.68	914,000,000	732,000,000	869,000,000	100%	869,000,000	-
85	Hohhot Shinsun Oriental Arbor	Inner Mongolia	64,401.59	R, C, CPS	208,551.57	156,699.35	1,281	12 August 2088 for residential use, 12 August 2058 for commercial use	October 2018	December 2018	August 2021	96,186.51	1,383,000,000	918,000,000	920,000,000	100%	920,000,000	-
86	Hohhot Shinsun Oriental Arbor Phase II	Inner Mongolia	44,980.37	R, C, CPS	126,595.28	97,908.20	903	8 April 2090 for residential use, 8 April 2060 for commercial use	May 2020	June 2020	September 2022	-	711,000,000	285,000,000	304,000,000	100%	304,000,000	-

Property No.	Name of Property	Province/Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
87	Hohhot Shinsun Jiangshan Arbor	Inner Mongolia	112,083.39	R, C, CPS	315,171.18	241,028.61	2,328	27 March 2090 for residential use, 27 March 2060 for commercial use	June 2020	July 2020	April 2023	-	1,801,000,000	739,000,000	817,000,000	100%	817,000,000	-
88	Hohhot Shinsun Yunhu Arbor	Inner Mongolia	62,832.06	R, C	189,452.69	141,320.39	1,316	27 March 2090 for residential use	June 2020	August 2020	February 2023	-	1,086,000,000	424,000,000	441,000,000	100%	441,000,000	-
89	Portions of Liaoning Shinsun Yuedu Mansion	Liaoning	-	R, C, Storage	49,665.74	44,236.83	141	29 August 2080 for residential use, 29 August 2050 for commercial use	September 2018	January 2019	December 2020	30,977.91	147,000,000	117,000,000	245,000,000	51%	124,000,000	-
90	Fuzhou Shinsun Chendong Xinyu	Jiangxi	69,915.00	R	203,133.24	152,683.15	1,187	19 August 2088 for residential use	September 2018	October 2018	September 2020	152,191.42	811,000,000	751,000,000	846,000,000	100%	846,000,000	-
91	Fuzhou Shinsun Oriental Arbor	Jiangxi	44,912.00	R	137,973.69	98,527.38	779	9 July 2088 for residential use	July 2018	September 2018	December 2020	95,850.72	687,000,000	558,000,000	605,000,000	100%	605,000,000	-
92	Fuzhou Shinsun Foling Town Tingshui	Jiangxi	57,791.20	R, C	162,033.81	126,004.83	1,030	9 September 2089 and 22 September 2089 for residential use	December 2019	January 2020	May 2022	58,665.20	606,000,000	286,000,000	308,000,000	63%	193,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated/ Actual Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
93	Yongxiu Shinsun Jinlin Mansion	Jiangxi	79,877.59	R, C, O	208,887.24	154,667.66	1,021	16 February 2088 for residential use, 16 February 2058 for commercial use	June 2018	October 2018	November 2020	131,880.30	765,000,000	620,000,000	888,000,000	60%	533,000,000	-
94	Zhangjiagang Shinsun Jinlin Mansion	Jiangsu	45,512.92	R, CPS, Storage	98,126.99	74,451.32	508	15 August 2088 for residential use	August 2018	September 2018	September 2020	69,528.85	1,106,000,000	1,058,000,000	1,219,000,000	100%	1,219,000,000	-
95	Taixing Shinsun Taihe Garden	Jiangsu	50,868.00	R, CPS, Storage	137,790.00	107,798.28	739	19 March 2088 for residential use	June 2018	July 2018	October 2020	88,683.46	866,000,000	844,000,000	798,000,000	100%	798,000,000	-
96	Portions of Taixing Shinsun Future City Garden	Jiangsu	-	R, C, CPS, Storage	274,557.50	217,445.30	734	11 May 2085 for residential use, 11 May 2055 for commercial use	April 2016	November 2017	December 2020	184,036.07	1,337,000,000	1,039,000,000	1,560,000,000	70%	1,092,000,000	-
97	Yancheng Shinsun Jinlin Mansion	Jiangsu	128,609.00	R, C, CPS, Storage	222,159.34	177,377.47	999	2 July 2088 for residential use, 2 July 2058 for commercial use	September 2018	September 2018	December 2020	167,203.23	1,161,000,000	1,161,000,000	1,454,000,000	100%	1,454,000,000	-
98	Baoying Shinsun Mingyue Garden	Jiangsu	100,049.00	R, C, CPS, Storage	205,321.38	163,368.60	914	1 February 2088 for residential use, 1 February 2058 for commercial use	August 2018	September 2018	October 2022	19,536.63	872,000,000	737,000,000	771,000,000	100%	771,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated/ Actual Pre-Sale Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
99	Portions of Yueyang Shinsun Jinlin Mansion	Hunan	-	R, C	245,370.62	164,001.33	1,524	24 September 2077 for residential use, 24 September 2047 for commercial use	August 2018	June 2019	April 2022	82,321.50	957,000,000	716,000,000	1,214,000,000	100%	1,214,000,000	-
100	Portions of Lini Shinsun Jiangshan Arbor	Hunan	-	R, C, CPS	121,275.78	97,370.36	597	21 December 2087 for residential use, 21 December 2057 for commercial use	June 2019	August 2019	December 2022	9,923.52	384,000,000	145,000,000	152,000,000	70%	106,000,000	-
101	Hengyang Shinsun Shanshan Aolai Garden	Hunan	62,526.50	R, C, CPS	231,559.50	187,400.40	856	11 November 2089 for residential use, 11 November 2059 for commercial use	December 2019	January 2020	October 2022	36,958.43	1,070,000,000	511,000,000	531,000,000	100%	531,000,000	-
102	Portions of Jingshan Shinsun Shangjing Mansion	Hubei	-	R, C, Storage	148,852.12	110,481.33	954	6 June 2088 for residential use, 6 June 2058 for commercial use	August 2018	December 2018	May 2024	49,135.28	542,000,000	288,000,000	327,000,000	80%	262,000,000	-
103	Xiantao Shinsun Guantang Mansion	Hubei	84,338.27	R, C, CPS, Storage	170,167.40	142,602.54	425	18 December 2082 for residential use, 18 December 2052 for commercial use	November 2018	June 2019	August 2021	69,860.31	554,000,000	240,000,000	399,000,000	100%	399,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq. m.)	Use	Total Planned GFA (sq. m.)	Total Saleable GFA (excluding CPS) (sq. m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq. m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
104	Portions of Xiantao Shinsun West River Arbor	Hubei	-	R, C, Storage	29,237.24	29,237.24	-	23 December 2089 for residential use, 23 December 2059 for commercial use	June 2020	November 2020	June 2022	-	100,000,000	21,000,000	25,000,000	100%	25,000,000	-
105	Portions of Nanping Shinsun Yijing Flower City	Fujian	-	R	19,624.29	17,545.65	-	20 August 2084 for residential use	July 2014	January 2018	December 2023	-	-	-	18,000,000	100%	18,000,000	-
106	Tianchang Shinsun Junlin Mansion	Anhui	39,570.00	R, C	97,163.68	70,820.86	617	19 July 2088 for residential use, 19 July 2058 for commercial use	September 2018	September 2018	September 2020	68,844.27	507,000,000	485,000,000	533,000,000	100%	533,000,000	-
107	Tianchang Shinsun Junlin Mansion Purple Garden	Anhui	45,622.00	R, C	125,490.25	90,585.21	797	8 August 2088 for residential use	January 2019	January 2019	November 2020	87,857.78	617,000,000	560,000,000	672,000,000	51%	343,000,000	-
108	Maanshan Shinsun Jiangshan Mansion	Anhui	60,043.75	R, C	110,211.84	89,034.49	541	18 August 2089 for residential use	December 2019	January 2020	March 2022	13,423.27	492,000,000	210,000,000	229,000,000	26%	60,000,000	-
109	Maanshan Shinsun Jiangshan Arbor	Anhui	57,943.26	R, C	138,725.33	114,481.32	560	29 November 2088 for residential use	January 2019	January 2019	July 2021	61,291.48	568,000,000	323,000,000	398,000,000	26%	103,000,000	-

Property No.	Name of Property	Province/Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
110	Portions of Nanling Shinsun Oriental Arbor	Anhui	-	C	35,182.58	2,306.10	828	27 December 2087 for residential use, 27 December 2057 for commercial use	March 2018	May 2018	September 2020	1,024.26	130,000,000	120,000,000	115,000,000	51%	59,000,000	-
111	Nanling Shinsun Jiangnan Mansion	Anhui	70,000.00	R, C	173,204.25	138,876.03	861	24 July 2089 for residential use	August 2019	September 2019	April 2022	90,859.28	779,000,000	436,000,000	449,000,000	51%	239,000,000	-
112	Portions of Nanling Shinsun Jinhui Mansion	Anhui	-	R, C	169,260.84	124,766.21	864	9 June 2087 for residential use	July 2017	September 2017	February 2021	90,971.17	591,000,000	438,000,000	650,000,000	51%	332,000,000	-
113	Wuhu Shinsun Mansion	Anhui	58,668.00	R, C	150,493.34	116,255.36	861	28 September 2088 for residential use, 28 September 2058 for commercial use	December 2018	April 2019	April 2021	61,111.98	1,269,000,000	1,032,000,000	1,157,000,000	100%	1,157,000,000	-
114	Suzhou Shinsun Jiangnan Arbor	Anhui	80,243.30	R, C, CPS	260,736.89	195,512.83	1,309	9 January 2088 for residential use, 9 January 2058 for commercial use, 9 January 2068 for science and educational use	September 2018	November 2018	June 2021	179,805.05	1,552,000,000	1,224,000,000	1,275,000,000	100%	1,275,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq. m.)	Use	Total Planned GFA (sq. m.)	Total Saleable GFA (excluding CPS) (sq. m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq. m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
115	Suzhou Shinsun Yinhuayue	Anhui	96,871.76	R, C, CPS	281,371.52	204,740.84	1,922	17 May 2090 for residential use	July 2020	October 2020	January 2023	-	1,280,000,000	486,000,000	487,000,000	100%	487,000,000	-
116	Guangde Shinsun Junlin Mansion	Anhui	19,223.00	R, C, CPS	53,372.35	42,006.01	324	31 August 2088 for residential use, 31 August 2058 for commercial use	August 2018	September 2018	March 2021	34,888.78	422,000,000	354,000,000	355,000,000	100%	355,000,000	-
117	Guangde Shinsun Xiyue Mansion	Anhui	84,780.00	R, C, CPS	203,586.70	163,387.56	1,109	4 October 2089 for residential use, 4 October 2059 for commercial use	October 2019	November 2019	April 2022	29,171.66	858,000,000	352,000,000	469,000,000	100%	469,000,000	-
118	Langxi Shinsun Yuejiangnan	Anhui	58,786.40	R, C	153,682.72	116,032.44	1,045	31 October 2088 for residential use, 31 October 2058 for commercial use	July 2018	October 2018	December 2020	111,259.77	687,000,000	511,000,000	519,000,000	100%	519,000,000	-
119	Portions of Xuancheng Shinsun Wanling Lake New City	Anhui	-	- CPS	48,935.50	-	1,063	6 July 2087 for residential use, 6 July 2057 for commercial use	November 2017	December 2018	August 2020	-	127,000,000	126,000,000	47,000,000	100%	47,000,000	-
120	Portions of Xuancheng Shinsun Wanling Xinyu	Anhui	-	- CPS	22,861.41	-	518	30 November 2087 for residential use, 30 November 2057 for commercial use	March 2018	November 2019	September 2020	-	48,000,000	43,000,000	18,000,000	100%	18,000,000	-

Property No.	Name of Property	Province/Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Construction Commencement Date	Estimated/Actual Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development) (RMB)	Development Cost incurred up to the Valuation Date (if under development) (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
121	Xuancheng Shinsun Cloud	Anhui	54,050.00	R, C, CPS	115,307.50	91,696.70	751	7 October 2089 for residential use, 7 October 2059 for commercial use	December 2019	December 2019	October 2021	24,121.65	648,000,000	365,000,000	371,000,000	100%	371,000,000	36,000,000
122	Tianchang Shinsun Changjian Jinlin Mansion	Anhui	60,604.00	R, C	161,038.72	120,775.09	1,110	24 April 2090 for residential use, 24 April 2060 for commercial use	May 2020	June 2020	June 2022	14,349.50	693,000,000	230,000,000	247,000,000	60%	148,000,000	-

Notes:

- As advised by the Group, portions of the properties with a total gross floor area of approximately 5,711,996.39 sq.m. (excluding CPS) have been pre-sold to various third parties at a total consideration of RMB70,301,143,673. Such portions of the properties have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market values of the properties, we have taken into account the contracted prices of such portions.
- In the valuation of property no. 121, we have attributed no commercial value to the sales office which has not obtained the Construction Work Commencement Permits. However, for reference purpose, we are of the opinion that the market value of the aforesaid building as at the valuation date would be RMB36,000,000, assuming the relevant Construction Work Commencement Permits have been obtained and such building could be freely transferred.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisors, which contains, inter alia, the following:
 - The Group is legally and validly in possession of the land use rights of the properties according to relevant State-owned Land Use Rights Certificates/Real Estate Title Certificates. The Group has the rights to occupy and use the land parcels, but the transfer of the mortgaged land parcels (if any) is subject to the mortgages until the mortgages have been released;
 - The Group has obtained all requisite construction work approvals in respect of the actual development progress; and
 - The Group has the rights to legally pre-sell portions of the properties according to the obtained Pre-sale Permits.

Group III — Properties held for future development by the Group in the PRC

Property No.	Name of Property	Province/ Municipality	Site Area	Use	Total Planned GFA	(sq.m.)	Total Saleable GFA (excluding CPS)	(sq.m.)	Number of CPS	Land Use Rights Expiry Date	Estimated Construction Commencement Date	Estimated Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS)	(sq.m.)	Total Estimated Development Cost (if under development)	(RMB)	Development Cost incurred up to the Valuation Date (if under development)	(RMB)	Market Value in existing state as at the Valuation Date	(RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date	(RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date
123	A parcel of land of Lishui Shinsun Shili Yunshan Plot 2	Zhejiang	192,195.00	R, C, H, CPS, Storage	255,842.00	-	-	-	-	20 September 2088 for residential use, 20 September 2058 for commercial use	July 2021	-	-	-	-	-	-	-	515,000,000	100%	515,000,000	-	10,287,000,000	-	
124	A parcel of land of Lishui Shinsun Shili Yunshan Plot 3	Zhejiang	144,253.00	R, C, CPS, Storage	184,236.00	-	-	-	-	22 November 2088 for residential use, 22 November 2058 for commercial use	January 2021	-	-	-	-	-	-	-	-	362,000,000	100%	362,000,000	-	362,000,000	-
125	A parcel of land of Zhuji Shinsun Spring Breeze Project	Zhejiang	9,075.50	C, CPS	16,793.00	-	-	-	-	11 December 2053 for commercial use	May 2021	-	-	-	-	-	-	-	-	69,000,000	100%	69,000,000	-	69,000,000	-
126	A parcel of land of Shanghai Shinsun Hongkou Project	Shanghai	45,437.00	R, C, O	288,366.21	-	-	-	-	22 February 2063 for residential use, 22 February 2043 for composite use	September 2020	-	-	-	-	-	-	-	-	8,842,000,000	83%	7,295,000,000	-	7,295,000,000	-
127	Reserved land of Jinan Shinsun Rose Garden	Shandong	-	C	22,703.09	-	-	-	-	9 August 2059 for commercial use	December 2020	-	-	-	-	-	-	-	-	61,000,000	51%	31,000,000	-	31,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Estimated Construction Commencement Date	Estimated Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
128	Reserved land of Zoucheng Shinsun Future City	Shandong	-	R, C, Storage	504,094.71	-	-	27 August 2089 for residential use, 27 August 2059 for commercial use	October 2020	-	-	-	-	-	554,000,000	100%	554,000,000	-
129	A parcel of land of Hohhot Shinsun Lanting Arbor	Inner Mongolia	61,663.88	R, C, H, Storage	178,014.22	-	-	5 February 2090 for residential use	September 2020	-	-	-	-	-	400,000,000	100%	400,000,000	-
130	A parcel of land of Hohhot Shinsun Water Park	Inner Mongolia	82,207.71	C	61,518.00	-	-	27 March 2060 for entertainment use	October 2020	-	-	-	-	-	170,000,000	100%	170,000,000	-
131	Reserved land of Linli Shinsun Jiangshan Arbor	Hunan	-	R, CPS	125,805.43	-	-	21 December 2087 for residential use	March 2021	-	-	-	-	-	68,000,000	70%	48,000,000	-
132	A parcel of land of Jingshan Shinsun Shangjing Mansion	Hubei	-	R, C, Storage	118,367.24	-	-	6 June 2088 for residential use, 6 June 2058 for commercial use	June 2021	-	-	-	-	-	38,000,000	80%	30,000,000	-
133	A parcel of land of Wuhan Shinsun Peninsula	Hubei	224,293.10	C	67,293.00	-	-	30 April 2047 for commercial use	March 2021	-	-	-	-	-	145,000,000	100%	145,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Estimated Construction Commencement Date	Estimated Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
134	Reserved land of Xiantao Shinsun West River Arbor	Hubei	-	R, C, Storage	155,540.26	-	-	23 December 2089 for residential use, 23 December 2059 for commercial use	September 2020	-	-	-	-	-	111,000,000	100%	111,000,000	-
135	Reserved land of Nanping Shinsun Yijing Flower City	Fujian	-	R	300,000.00	-	-	20 August 2084 for residential use	March 2022	-	-	-	-	-	306,000,000	100%	306,000,000	-
136	Reserved land of Xuancheng Shinsun Wanting Lake New City	Anhui	-	C, CPS	170,452.00	-	-	26 March 2054 and 6 July 2057 for commercial use	May 2021	-	-	-	-	-	101,000,000	100%	101,000,000	-
137	A parcel of land of Dingyuan Shinsun Future Arbor	Anhui	69,651.98	R, C, CPS	161,543.38	-	-	9 July 2090 for residential use	September 2020	-	-	-	-	-	150,000,000	100%	150,000,000	-

Note:

1. We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisors, which contains, inter alia, the following:

The Group is legally and validly in possession of the land use rights of the properties according to relevant State-owned Land Use Rights Certificates/Real Estate Title Certificates. The Group has the rights to occupy and use the land parcels, but the transfer of the mortgaged land parcels (if any) is subject to the mortgages until the mortgages have been released.

Group IV — Properties contracted to be acquired by the Group in the PRC

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excl. CPS) (sq.m.)	Number of CPS	Land Use Rights Expiry Date	Estimated Construction Commencement Date	Estimated Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excl. CPS) (sq.m.)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
138	A parcel of land of Hangzhou Xiaoshan College Town North Plot 16	Zhejiang	544,833.36	1,587,197.41	40,031.00	R, C, CPS	-	-	September 2020	-	-	-	-	-	-	-	Nil	6,685,000,000
139	A parcel of land of Ningbo Shinsun Yehaijiang	Zhejiang	70,321.00	215,359.00	-	R, CPS	-	-	September 2020	-	-	-	-	-	-	100%	-	2,504,000,000
140	Reserved land of Zhuji Shinsun Spring Breeze Project	Zhejiang	33,327.00	79,807.46	-	C, CPS	-	-	May 2021	-	-	-	-	-	-	100%	-	64,000,000
141	A parcel of land of Zhuji Shinsun Qunxian Mansion	Zhejiang	72,388.00	178,995.20	-	C, CPS	-	-	August 2020	-	-	-	-	-	-	100%	-	686,000,000
142	A parcel of land of Jiaxing [2020] Plot South 025	Zhejiang	33,429.58	95,628.24	-	R, CPS	-	-	November 2020	-	-	-	-	-	-	50%	-	562,000,000
143	A parcel of land of Jiyang Shinsun Oriental Arbor	Shandong	126,175.00	433,571.77	-	R, C, CPS	-	-	September 2020	-	-	-	-	-	-	60%	-	284,000,000

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total Planned GFA (sq.m.)	Total Saleable GFA (excluding CPS)	Number of CPS	Land Use Rights Expiry Date	Estimated Construction Commencement Date	Estimated Pre-Sale Commencement Date	Estimated Completion Date	Total Saleable GFA Pre-Sold (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
144	A parcel of land of Nanchang Shinsun Mansion	Jiangxi	47,302.00	R, C, CPS	130,353.99	-	-	-	August 2020	-	-	-	-	-	-	51%	-	971,000,000
145	A parcel of land of Nantong Shinsun Cloud	Jiangsu	47,813.78	R, CPS, Storage	177,330.34	-	-	-	September 2020	-	-	-	-	-	-	100%	-	2,125,000,000
146	Reserved land of Jingshan Shinsun Shangjing Mansion	Hubei	55,937.00	R, C, Storage	119,975.64	-	-	-	June 2021	-	-	-	-	-	-	80%	-	156,000,000
147	A parcel of land of Heifei Beiyuan Lake Shinsun Cloud	Anhui	71,217.00	R, CPS, Storage	202,828.80	-	-	-	September 2020	-	-	-	-	-	-	100%	-	1,434,000,000
148	A parcel of land of Suqian Shinsun Oriental Arbor	Anhui	57,244.00	R, C, CPS	168,705.97	-	-	-	October 2020	-	-	-	-	-	-	100%	-	403,000,000

Notes:

- As at the valuation date, the properties had not been assigned to the Group and thus the titles of the properties had not been vested in the Group and the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the properties in this Group IV. For reference purpose, we have assessed the market value of them assuming their title certificates have been obtained and can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisors, which contains, inter alia, the following:
The State-owned Construction Land Use Rights Grant Contracts are legal and valid.

Group V — Properties held for investment by the Group in the PRC

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total GFA (sq.m.)	Total Leasable/ Saleable GFA (excluding CPS)	Number of CPS	Land Use Rights Expiry Date	Estimated/ Actual Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated/ Actual Completion Date	Total Saleable GFA Pre-Sold (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
					339,024.33	322,118.02									2,132,000,000		2,132,000,000	
149	Various commercial units of Zhuji Square Shopping Mall Project	Zhejiang	-	C, O, H, CPS	121,586.29	104,679.98	444	31 December 2044 for commercial use, 1 June 2056 for office use	-	-	December 2008	-	-	-	864,000,000	100%	864,000,000	-
150	Various commercial units of Tianai Shinsun Century Square	Zhejiang	62,236.00	C	127,036.48	127,036.48	-	15 April 2058 for commercial use	-	-	January 2020	-	-	-	957,000,000	100%	957,000,000	-
151	A commercial unit of Zhuji New Century Garden Shops	Zhejiang	-	C	769.92	769.92	-	30 July 2070 for residential use	-	-	January 2007	-	-	-	5,000,000	100%	5,000,000	-
152	Various commercial units of Zhuji Futian Garden Shops	Zhejiang	-	C	7,267.66	7,267.66	-	1 November 2043 for commercial use	-	-	August 2013	-	-	-	16,000,000	100%	16,000,000	-
153	An office unit of Ruijing International Business Center 27th Floor	Zhejiang	-	O	240.81	240.81	-	14 July 2054 for office use	-	-	June 2012	-	-	-	7,000,000	100%	7,000,000	-
154	Various commercial units of Hongtu Shinsun Jujin Square	Hubei	4,493.81	C	13,236.08	13,236.08	-	27 July 2044 for commercial use	-	-	July 2009	-	-	-	54,000,000	100%	54,000,000	-

Property No.	Name of Property	Province/ Municipality	Site Area (sq.m.)	Use	Total GFA (sq.m.)	Total Leasable/ Saleable GFA (excluding CPS)	Number of CPS	Land Use Rights Expiry Date	Estimated/ Actual Construction Commencement Date	Estimated/ Actual Pre-Sale Commencement Date	Estimated/ Actual Completion Date	Total Saleable GFA Pre-Sold (excluding CPS)	Total Estimated Development Cost (if under development)	Development Cost incurred up to the Valuation Date (if under development)	Market Value in existing state as at the Valuation Date (RMB)	Interest Attributable to the Group (%)	Market Value Attributable to the Group as at the Valuation Date (RMB)	Market Value for reference (for properties without proper title certificates) as at the Valuation Date (RMB)
155	Hubei Shinsun Fairyland International Hotel	Hubei	-	H	68,887.09	68,887.09	-	1 December 2050 for commercial service use	-	-	June 2016	-	-	-	249,000,000	100%	249,000,000	-

Notes:

- As advised by the Group, portions of the properties with a total leasable floor area of approximately 210,196 sq.m. have been leased to various tenants and the total monthly rent receivable as at the valuation date is approximately RMB7,434,000, exclusive of management fees, water and electricity charges.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisors, which contains, inter alia, the following:
 - For property nos. 149 and 151 to 155, the Group has legally obtained the building ownership rights of such properties according to relevant Real Estate Title Certificates;
 - For property no. 150, the Group is legally and validly in possession of the land use rights of such property according to relevant State-owned Land Use Rights Certificate;
 - For property no. 150, the Group has obtained the requisite construction work approvals in respect of the actual development progress; and
 - For property no. 150, the construction of such property has passed final inspection acceptance. There is no material legal impediment for the Group to obtain the Real Estate Title Certificates of such property in accordance with relevant laws and regulations.

Summary of Projects**Abbreviation:**

GDV: Gross Development Value (RMB) as completed for property under construction of the project
MCP-R: Market Comparable Price (RMB/sq.m.) for residential
MCP-C: Market Comparable Price (RMB/sq.m.) for commercial
MCP-O: Market Comparable Price (RMB/sq.m.) for office
MCP-CPS: Market Comparable Price (RMB/space) for car parking space
MCP-Storage: Market Comparable Price (RMB/sq.m.) for storage
MCP-AV: Market Comparable Price (accommodation value) (RMB/sq.m.) for bare land
Rent-R: Market Monthly Rent (RMB/sq.m.) for residential
Rent-C: Market Monthly Rent (RMB/sq.m.) for commercial
Rent-CPS: Market Monthly Rent (RMB/space) for car parking space
CR-R: Capitalization Rate for residential
CR-C: Capitalization Rate for commercial
CR-O: Capitalization Rate for office
CR-CPS: Capitalization Rate for car parking space

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
1	Fuyang Shinsun Chengguangyue Apartment	The project is located at the northern side of Xinqiaoxin Road and the eastern side of Gaoqiao South Road, Fuyang District, Hangzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Fuyang Coach Station and about one hour's driving distance to Hangzhou Railway Station. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	32	124,220,000,000	115,921,000,000	10,963,000,000
					1,141,000,000	1,141,000,000	–
							GDV: 1,536,000,000 MCP-R: 21,000-23,000 MCP-C: 22,000-28,000 MCP-CPS: 200,000-240,000
2	Hangzhou Pingyao Harmony Garden	The project is located at the southern side of Peng'an Road and the eastern side of Pengchang Road, Yuhang District, Hangzhou City. It is served by public transportation with about 40 minutes' driving distance to Yuhang Coach Station and about one hour's driving distance to Hangzhou Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	33	138,000,000	76,000,000	–
							GDV: 321,000,000 Rent-C: 80-120 CR-C: 3.5%

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
3	Hangzhou Shinsun Yinhu Chenyu Apartment	The project is located at the northern side of Shang Linhu Road and the eastern side of Meida Road, Fuyang District, Hangzhou City. It is well-served by public transportation with about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport and about 50 minutes' driving distance to Hangzhou Railway Station. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	34	3,882,000,000	3,882,000,000	-	GDV: 6,469,000,000 MCP-R: 21,000-22,000 MCP-C: 22,000-28,000 MCP-CPS: 200,000-240,000
4	Hangzhou Shinsun Yinhu Xinyu Apartment	The project is located at the southern side of Xiangyang Road and the eastern side of Meida Road, Fuyang District, Hangzhou City. It is well-served by public transportation with about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport and about 50 minutes' driving distance to Hangzhou Railway Station. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	35	2,691,000,000	2,691,000,000	-	GDV: 3,054,000,000 MCP-R: 18,000-22,000 MCP-C: 22,000-28,000 MCP-CPS: 200,000-240,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
5	Hangzhou Shinsun Guangheying Apartment	The project is located at the northern side of Chonghang Street and the eastern side of Kangxian Road, Yuhang District, Hangzhou City. It is served by public transportation with about 20 minutes' driving distance to Hangzhou North Railway Station and about one hour's driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	36	1,670,000,000	1,670,000,000	- GDV: 2,763,000,000 MCP-R: 20,000-25,000 MCP-C: 33,000-38,000
6	Hangzhou Shinsun Qunxian Mansion	The project is located at the northern side of Chonghang Street and the eastern side of Zhanjiqiao Road, Yuhang District, Hangzhou City. It is served by public transportation with about 20 minutes' driving distance to Hangzhou North Railway Station and about one hour's driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	1	1,075,000,000	1,075,000,000	- MCP-R: 16,000-20,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
7	Hangzhou Shinsun Cloud	The project is located at the junction of Fenghua West Road and Zhuanzhi Road, Xihu District, Hangzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Hangzhou Railway Station and about 50 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Zhejiang	37	3,987,000,000	3,987,000,000	- GDV: 4,858,000,000 MCP-R: 40,000-53,000 MCP-C: 50,000-52,000 MCP-CPS: 380,000-410,000
8	Hangzhou Shinsun Yunpu Xinyu Apartment	The project is located at the junction of Kehai Road and Zhou'er Road, Xihu District, Hangzhou City. It is served by public transportation with about 40 minutes' driving distance to Hangzhou Railway Station and about 55 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	2	18,000,000	18,000,000	- MCP-R: 26,000-30,000 MCP-C: 47,000-51,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
9	Hangzhou Shinsun Xingheyang Apartment	The project is located at the western side of Chongchang Road, the northern side of Chonghang Street, the eastern side of Shiqiangang and the southern side of Qiancun Street, Yuhang District, Hangzhou City. It is well-served by public transportation with about 35 minutes' driving distance to Hangzhou East Railway Station and about 50 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	38	2,042,000,000	2,042,000,000	- GDV: 3,449,000,000 MCP-R: 20,000-23,000 MCP-C: 30,000-38,000 MCP-CPS: 200,000-260,000
10	Hangzhou Shinsun Jiangshanyun Yuenan Mansion	The project is located at the eastern side of Wencong North Road and the northern side of Shuiyun Street, Qiantang New District, Hangzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Hangzhou East Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	39	2,394,000,000	2,394,000,000	- GDV: 4,192,000,000 MCP-R: 24,000-28,000 MCP-C: 35,000-40,000 MCP-CPS: 200,000-250,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
11	Hangzhou Shinsun Jiangshanyun Yuebei Mansion	The project is located at the eastern side of Chunxin Road and the northern side of Yinhai Street, Qiantang New District, Hangzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Hangzhou East Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	40	2,704,000,000	2,704,000,000	-	GDV: 4,056,000,000 MCP-R: 24,000-28,000 MCP-CPS: 200,000- 250,000
12	Hangzhou Xiasha College Town North Plot 16	The project is located at the western side of Chunxin Road and the southern side of Xinong Road, Jianggan District, Hangzhou City. It is served by public transportation with about 30 minutes' driving distance to Hangzhou East Railway Station and about 40 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project will be developed into a residential and commercial development in one phase. As at the valuation date, the project was bare land.	Zhejiang	138	-	-	1,738,000,000	MCP-AV: 16,000-20,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
13	Anji Shinsun Oriental Arbor Garden	The project is located at the southern side of Anji Avenue and the western side of Raocheng South Road, Anji County, Huzhou City. It is served by public transportation with about 50 minutes' driving distance to Huzhou Railway Station and about 20 minutes' driving distance to Anji Passenger Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project has been developed into a residential and commercial development in two phases. As at the valuation date, the project was completed and held for sale.	Zhejiang	3	845,000,000	845,000,000	-	MCP-R: 11,000-25,000 MCP-C: 7,500-7,900 MCP-Storage: 3,000-3,500
14	Anji Shinsun Yunxi Garden	The project is located at the south-eastern side of Houzhai Road and the eastern side of Raocheng East Road, Anji County, Huzhou City. It is served by public transportation with about 50 minutes' driving distance to Huzhou Railway Station and about 20 minutes' driving distance to Anji Passenger Centre. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	41	222,000,000	222,000,000	-	GDV: 358,000,000 MCP-R: 11,000-13,000 MCP-C: 8,000-9,000 MCP-CPS: 90,000-100,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
15	Anji Shinsun Jiuxi Garden	The project is located at the northern side of Shima Port and the eastern side of Raocheng East Road, Anji County, Huzhou City. It is served by public transportation with about 50 minutes' driving distance to Huzhou Railway Station and about 20 minutes' driving distance to Anji Passenger Transportation Centre. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential development in three phases. As at the valuation date, the project was under construction.	Zhejiang	42	1,298,000,000	1,298,000,000	– GDV: 2,326,000,000 MCP-R: 11,000-14,000 MCP-CPS: 50,000-60,000 MCP-Storage: 3,000-3,500
16	Shinsun Tianyemuge Residential Development Project	The project is located at the western side of Xiadaxian Road and the southern side of S201 Avenue, Anji County, Huzhou City. It is served by public transportation with about 55 minutes' driving distance to Huzhou Deqing West Railway Station and about 20 minutes' driving distance to Anji Passenger Transportation Centre. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	43	174,000,000	174,000,000	– GDV: 384,000,000 MCP-R: 13,000-15,000 MCP-CPS: 100,000-110,000 MCP-Storage: 3,300-3,600

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
17	Deqing Shinsun Yunshan Garden	The project is located at the western side of 104 National Highway and the southern side of Yuying Stream, Deqing County, Huzhou City. It is served by public transportation with about 10 minutes' driving distance to Deqing West Railway Station and about 30 minutes' driving distance to Deqing Passenger Transportation Centre. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Zhejiang	44	1,274,000,000	764,000,000	-	GDV: 1,854,000,000 MCP-R: 12,000-14,000 Repurchase price for commercial: 2,353 MCP-CPS: 18,000-22,000 MCP-Storage: 500-520
18	Nanxun Shinsun Waterside Arbor Garden	The project is located at the eastern side of Hongyang South Road, Nanxun District, Huzhou City. It is served by public transportation with about one hour's driving distance to Huzhou Railway Station and about 15 minutes' driving distance to Huzhou Nanxun Coach Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential and commercial development in two phases. As at the valuation date, the project was completed and held for sale.	Zhejiang	4	2,155,000,000	2,155,000,000	-	MCP-R: 7,500-15,000 MCP-C: 15,000-16,000 MCP-CPS: 90,000-100,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
19	Haining Shinsun Xinyu Mansion	The project is located at the western side of Dongliang Road and the eastern side of Qichao Road, Haining City. It is served by public transportation with about 40 minutes' driving distance to Tongxiang Railway Station and about 40 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Zhejiang	5, 45	469,000,000	281,000,000	-	GDV: 306,000,000 MCP-R: 9,000-12,000 MCP-C: 10,000-32,000 MCP-CPS: 110,000-130,000
20	Tongxiang Shinsun Guoyue Mansion	The project is located at the northern side of Jiaochang East Street and the eastern side of Dong Er Huan Road, Zhendong New District, Tongxiang City. It is served by public transportation with about 20 minutes' driving distance to Tongxiang Railway Station and about one and a half hours' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	46	2,130,000,000	2,130,000,000	-	GDV: 2,142,000,000 MCP-R: 17,000-35,000 MCP-C: 13,000-15,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Valuation Parameter (RMB)
21	Lishui Shinsun Yunshanxiang City	The project is located at the junction of S222 Provincial Highway and Shiniu Road, Liandu District, Lishui City. It is served by public transportation with about 30 minutes' driving distance to Lishui Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	47	774,000,000	774,000,000	- GDV: 1,774,000,000 MCP-R: 9,000-27,000 MCP-C: 19,000-23,000 MCP-CPS: 100,000-160,000 MCP-Storage: 3,000-3,500
22	Lishui Shinsun Shili Yunshan Plot 2	The project is located at the junction of S222 Provincial Highway and Shiniu Road, Liandu District, Lishui City. It is served by public transportation with about 30 minutes' driving distance to Lishui Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project will be developed into a residential and commercial development in one phase. As at the valuation date, the project was bare land.	Zhejiang	123	515,000,000	515,000,000	- MCP-AV: 1,900-2,400

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
23	Lishui Shinsun Shili Yunshan Plot 3	The project is located at the junction of S222 Provincial Highway and Shiniu Road, Liandu District, Lishui City. It is served by public transportation with about 30 minutes' driving distance to Lishui Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project will be developed into a residential and commercial development in one phase. As at the valuation date, the project was bare land.	Zhejiang	124	362,000,000	362,000,000	-	MCP-AV: 1,900-2,400
24	Suichang Shinsun Hetai Guanlan Mansion	The project is located at the southern side of Yuanding Road and the western side of Wule Road, Suichang County, Lishui City. It is served by public transportation with about 10 minutes' driving distance to Suichang County Passenger Transportation Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	48	643,000,000	643,000,000	-	GDV: 1,289,000,000 MCP-R: 10,000-15,000 MCP-C: 19,000-23,000 MCP-CPS: 80,000-120,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
25	Cixi Shinsun Wangyue Mansion	The project is located at the western side of North East Third Ring Road and the northern side of Zhongheng Avenue, Cixi, Ningbo City. It is served by public transportation with about 40 minutes' driving distance to Yuyao North Railway Station and about one hour's driving distance to Ningbo Lishe International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	6	2,000,000	2,000,000	- MCP-CPS: 90,000-120,000 MCP-Storage: 3,000-4,000
26	Ningbo Shinsun Bright Jinlin Mansion	The project is located at the southern side of Lifeng Road and the western side of Kangqiao South Road, Jiangbei District, Ningbo City. It is served by public transportation with about 10 minutes' driving distance to Zhuangqiao Railway Station and about 30 minutes' driving distance to Ningbo Lishe International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	49	1,881,000,000	941,000,000	- GDV: 3,119,000,000 MCP-R: 27,000-31,000 MCP-C: 28,000-30,000 MCP-O: 11,000-15,000 MCP-CPS: 120,000-170,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
27	Ningbo Shinsun Yuehaitang	The project is located at the intersection of Yanhu Road and Zhongxin Road, Jiangshan Town, Yinzhou District, Ningbo City. It is well-served by public transportation with about 230 metres distance to Jiangshan Station and Shishan Station of Line 3. The locality of the property is a well-developed residential and commercial area served with various public facilities, including Shishan Park on the south. As at the valuation date, the project was bare land.	Zhejiang	139	-	-	2,504,000,000	MCP-AV: 15,000-18,000
28	Longyou Shinsun Guoyue Mansion	The project is located at the eastern side of Xueshi Road, the southern side of Longxiangdong Road and the western side of Ziming Road, Longyou County, Quzhou City. It is well-served by public transportation with about 15 minutes' driving distance to Longyou Railway Station and about 50 minutes' driving distance to Quzhou Minhang Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	50	1,340,000,000	1,340,000,000	-	GDV: 1,957,000,000 MCP-R: 14,000-15,000 MCP-C: 16,000-30,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
29	Longyou Shinsun Hanlin Mansion	The project is located at the eastern side of Ziming Road, the southern side of Yangguang Primary School, the western side of Bozhen Road and the northern side of Yongan Road, Longyou County, Quzhou City. It is well-served by public transportation with about 15 minutes' driving distance to Longyou Railway Station and about 55 minutes' driving distance to Quzhou Minhang Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	51	1,775,000,000	1,775,000,000	-	GDV: 1,981,000,000 MCP-R: 14,000-15,000 MCP-C: 16,000-30,000
30	Quzhou Shinsun Guantang Mansion	The project is located at the junction of Huayuan Avenue and Gutian Road, Kechengxi District, Quzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Quzhou High-Speed Railway Station and about 15 minutes' driving distance to Quzhou Minhang Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	7	10,000,000	8,000,000	-	MCP-C: 15,000-25,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
31	Quzhou Shinsun Huajianyue Arbor	The project is located at the southern side of He'er Road, the western side of Hehuazhong Road and the northern side of Hesan Road, Kecheng District, Quzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Quzhou High-Speed Railway Station and about 15 minutes' driving distance to Quzhou Minhang Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	52	1,306,000,000	1,045,000,000	-	GDV: 1,356,000,000 MCP-R: 15,000-19,000 MCP-C: 20,000-30,000
32	Quzhou Shinsun Yuehaitang	The project is located at the western side of Hehuazhong Road, the eastern side of Songyuan Vegetable Market and the northern side of Flower and Bird Market, Kecheng District, Quzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Quzhou High-Speed Railway Station and about 15 minutes' driving distance to Quzhou Minhang Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	53	497,000,000	497,000,000	-	GDV: 510,000,000 MCP-R: 17,000-22,000 MCP-C: 24,000-45,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value (for properties without proper title certificates) as at the valuation date			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
33	Keqiao Shinsun Diyang Mansion	The project is located at the northern side of Kenan Avenue and the eastern side of Xianglin Avenue, Keqiao District, Shaoxing City. It is well-served by public transportation with about 35 minutes' driving distance to Shaoxing North Railway Station and about 55 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in two phases. As at the valuation date, the project was under construction.	Zhejiang	54	1,899,000,000	1,899,000,000	-	GDV: 3,240,000,000 MCP-R: 17,000-36,000 MCP-CPS: 200,000-250,000
34	Shangyu Shinsun Mingyue Mansion	The project is located at the northern side of Liangzhu Avenue and the eastern side of Wangshan Road, Shangyu District, Shaoxing City. It is served by public transportation with about 15 minutes' driving distance to Shaoxing East Railway Station and about one hour's driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	55	2,456,000,000	2,456,000,000	-	GDV: 2,487,000,000 MCP-R: 14,000-17,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
35	Shaoxing Shinsun Jinlin Mansion	The project is located at the northern side of Jinfan Road and the western side of Houshu Road, Jinghu New District, Shaoxing City. It is served by public transportation with about 25 minutes' driving distance to Shaoxing Railway Station and about 30 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	56	1,813,000,000	1,813,000,000	-	GDV: 2,295,000,000 MCP-R: 21,000-27,000 MCP-C: 38,000-50,000 MCP-CPS: 150,000-250,000
36	Shaoxing Shinsun Shangxian Mansion	The project is located at the northern side of Yinshan Road and the eastern side of Jiefang Avenue, Yuecheng District, Shaoxing City. It is served by public transportation with about 35 minutes' driving distance to Shaoxing Railway Station and about one hour's driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	57	1,972,000,000	1,972,000,000	-	GDV: 2,321,000,000 MCP-R: 14,000-18,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date	Valuation Parameter
					(RMB)	(RMB)	(RMB)	
37	Zhuji Square Shopping Mall Project	The project is located at No. 195 Zhuluo East Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 25 minutes' driving distance to Zhuji Railway Station and about 55 minutes' driving distance to Yiwu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a commercial development in one phase. As at the valuation date, portions of the project were vacant, portions of the project were rented to a connected party, while the remaining portion was rented to various third parties.	Zhejiang	149	864,000,000	864,000,000	-	Rent-C: 32-106 Rent-O: 32-38 Rent-H: 41-43 Rent-CPS: 400-600 CR-C: 5.0% CR-O: 4.5% CR-H: 5.5% CR-CPS: 3.0%
38	Zhuji Shinsun Spring Breeze Project	The project is located at Donghe County, Zhuji, Shaoxing City. It is served by public transportation with about 40 minutes' driving distance to Zhuji Railway Station and about one hour's driving distance to Yiwu Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project will be developed into a commercial development in one phase. As at the valuation date, the project was bare land.	Zhejiang	125, 140	69,000,000	69,000,000	64,000,000	MCP-AV: 900-1,200

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
39	Zhuji Shinsun Jiangnan Yard	The project is located at the junction of Jiefang Road and Shengli Road, Zhuji, Shaoxing City. It is served by public transportation with about 45 minutes' driving distance to Zhuji Railway Station and about one hour's driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	58	1,379,000,000	1,379,000,000	-	GDV: 1,688,000,000 MCP-R: 9,000-23,000 MCP-C: 15,000-20,000 MCP-CPS: 100,000-120,000 MCP-Storage: 4,000-4,500
40	Zhuji Shinsun Jinchen Mansion	The project is located at the junction of Huancheng South Road and Huancheng East Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 20 minutes' driving distance to Zhuji Railway Station and about 50 minutes' driving distance to Yiwu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	59	1,051,000,000	1,051,000,000	-	GDV: 1,136,000,000 MCP-R: 9,000-20,000 MCP-CPS: 120,000-150,000 MCP-Storage: 2,500-3,500

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
41	Zhuji Shinsun Junlin Mansion	The project is located at the junction of Dong Er Road and Dong San Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 30 minutes' driving distance to Zhuji Railway Station and about 55 minutes' driving distance to Yiwu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	60	337,000,000	236,000,000	-	GDV: 534,000,000 MCP-R: 16,000-20,000 MCP-CPS: 150,000-300,000 MCP-Storage: 2,000-3,000
42	Zhuji Shinsun Nanshan County Garden (East)	The project is located at the northern side of Shinan Road, Zhuji, Shaoxing City. It is served by public transportation with about 30 minutes' driving distance to Zhuji Railway Station and about 75 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	61	1,267,000,000	887,000,000	-	GDV: 3,288,000,000 MCP-R: 9,000-15,000 MCP-CPS: 100,000-140,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
43	Zhuji Shinsun Nanshan County Garden (West)	The project is located at the northern side of Shinan Road, Zhuji, Shaoxing City. It is served by public transportation with about 30 minutes' driving distance to Zhuji Railway Station and about 75 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	62	733,000,000	733,000,000	-	GDV: 1,825,000,000 MCP-R: 9,000-22,000 MCP-C: 12,000-18,000 MCP-CPS: 90,000-150,000
44	Zhuji Shinsun Future City	The project is located at the southern side of Gentaxi Road and the eastern side of Xi Er Huan Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 5 minutes' driving distance to Zhuji Railway Station and about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	8	522,000,000	522,000,000	-	MCP-R: 8,000-13,000 MCP-CPS: 110,000-130,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
45	Zhuji Shinsun Yuehaitang Garden	The project is located at the southern side of Dongyi Road and the eastern side of Dong San Huan Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 25 minutes' driving distance to Zhuji Railway Station and about 75 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	63	351,000,000	351,000,000	-	GDV: 418,000,000 MCP-R: 8,000-12,000 MCP-CPS: 120,000-150,000 MCP-Storage: 2,000-3,000
46	Zhuji Shinsun Cloud Garden	The project is located at the southern side of Yuying Road and the western side of Dong Er Huan Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 20 minutes' driving distance to Zhuji Railway Station and about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	64	1,484,000,000	1,484,000,000	-	GDV: 1,585,000,000 MCP-R: 11,000-23,000 MCP-CPS: 140,000-160,000 MCP-Storage: 2,000-3,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
47	Zhuji Shinsun Yunqi Garden	The project is located at the northern side of Yuying Road and the western side of Dong Er Huan Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 20 minutes' driving distance to Zhuji Railway Station and about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	65	1,423,000,000	1,423,000,000	-	GDV: 1,806,000,000 MCP-R: 11,000-23,000 MCP-CPS: 140,000-160,000 MCP-Storage: 3,000-4,000
48	Zhuji Shinsun Yunshang Garden	The project is located at the northern side of Dongjiang Road and the eastern side of Huancheng East Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 20 minutes' driving distance to Zhuji Railway Station and about 70 minutes' driving distance to Hangzhou Xiaoshan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	66	1,411,000,000	1,411,000,000	-	GDV: 1,875,000,000 MCP-R: 13,000-15,000 MCP-CPS: 140,000-160,000 MCP-Storage: 3,000-4,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)		Valuation Parameter
49	Zhuji Shinsun Tang Arbor	The project is located at the south-western side of the intersection of Huanpu Road and East Third Ring Road, Zhuji City. It is well-served by public transportation with about 15 minutes' driving distance to Zhuji Coach Station. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Zhejiang	67	412,000,000	412,000,000	-	-	GDV: 813,000,000 MCP-R: 13,000-15,000 MCP-CPS: 150,000 MCP-Storage: 4500
50	Zhuji Shinsun Qunxian Mansion	The project is located at the southern side of Hengda Yue Long Fu, Zhuji City. It is well-served by public transportation with about 15 minutes' driving distance to Zhuji Coach Station. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was bare land.	Zhejiang	141	-	-	686,000,000	-	MCP-AV: 4,500-5,500

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
51	Linhai Shinsun Jiangshan Mansion	The project is located at the western side of Shuanglin Road and the northern side of Dayang Road, Linhai, Taizhou City. It is well-served by public transportation with about 15 minutes' driving distance to Linhai Railway Station and about 70 minutes' driving distance to Taizhou Luqiao Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	68	1,733,000,000	1,733,000,000	-	GDV: 2,233,000,000 MCP-R: 19,000-22,000 MCP-C: 24,000-29,000 MCP-CPS: 170,000-190,000 MCP-Storage: 4,500-5,500
52	Linhai Shinsun Junlin Mansion	The project is located at the eastern side of Shuanglin Road and the southern side of Dongfang Avenue, Linhai, Taizhou City. It is well-served by public transportation with about 15 minutes' driving distance to Linhai Railway Station and about 70 minutes' driving distance to Taizhou Luqiao Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	9	1,689,000,000	1,689,000,000	-	MCP-R: 18,000-21,000 MCP-CPS: 170,000-200,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference
					(RMB)	(RMB)	(RMB)
53	Linhai Shinsun Future Mansion	The project is located at the western side of Dongdu Road and the northern side of Chaozhuang Road, Linhai, Taizhou City. It is well-served by public transportation with about 10 minutes' driving distance to Linhai Railway Station and about 70 minutes' driving distance to Taizhou Luqiao Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	69	1,001,000,000	731,000,000	- GDV: 1,351,000,000 MCP-R: 13,000-15,000 MCP-C: 14,000-16,000 MCP-CPS: 140,000-160,000 MCP-Storage: 4,000-5,000
54	Luqiao Shinsun Yuebin Mansion	The project is located at the intersection of Shuangshui Road and Yinzuo Street, Luqiao District, Taizhou City. It is well-served by public transportation with about 30 minutes' driving distance to Taizhou South Railway Station and about 25 minutes' driving distance to Taizhou Luqiao Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	70	3,155,000,000	3,155,000,000	- GDV: 3,986,000,000 MCP-R: 15,000-30,000 MCP-C: 14,000-16,000 MCP-CPS: 120,000-140,000 MCP-Storage: 2,000-2,500

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
55	Tiantai Shinsun Jiangshan Arbor	The project is located at the eastern side of Jigong Avenue, Tiantai County, Taizhou City. It is well-served by public transportation with about 2 hours' driving distance to Taizhou Luqiao Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	71	511,000,000	511,000,000	-	GDV: 602,000,000 MCP-R: 13,000-15,000 MCP-C: 16,000-20,000 MCP-CPS: 80,000-100,000
56	Tiantai Shinsun Century Square	The project is located at the western side of Jigong Avenue and the northern side of Kangning Road, Tiantai County, Taizhou City. It is well-served by public transportation with about 5 minutes' driving distance to Tiantai Bus Station and about 40 minutes' driving distance to Sanmen County Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in three phases. As at the valuation date, portions of the project were completed and held for investment, while the remaining portion was under construction.	Zhejiang	72, 150	3,790,000,000	3,790,000,000	-	GDV: 4,401,000,000 MCP-R: 10,000-16,000 MCP-C: 14,000-25,000 MCP-CPS: 100,000-150,000 MCP-Storage: 2,000-4,000 Rent-C: 60-150 CR-C: 5.0%

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
57	Jiaxing [2020] Plot South 025	The project is located at the intersection of Nanbeihu Avenue and Xueguangqiao Harbour, Yuxin Town, Nanhu District, Jiaxing City. It is well-served by various public transportation with about 10 minutes' driving distance to Jiaxing South Station. As at the valuation date, the project was bare land.	Zhejiang	142	-	-	562,000,000	MCP-AV: 7,000-9,000
58	Wenling Shinsun Jinlin Mansion	The project is located at the southern side of Zhonghua Road, Taiping District, Wenling, Taizhou City. It is well-served by public transportation with about 30 minutes' driving distance to Wenling Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential development in one phase. As at the valuation date, the project was completed and held for sale.	Zhejiang	10	2,836,000,000	2,836,000,000	-	MCP-R: 25,000-60,000
59	Xianju Shinsun Qunxian Mansion	The project is located at the southern side of Huayuan Road, Xianju County, Taizhou City. It is well-served by public transportation with about 5 minutes' driving distance to Xianju Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Zhejiang	73	722,000,000	722,000,000	-	GDV: 1,029,000,000 MCP-R: 13,000-15,000 MCP-C: 30,000-40,000 MCP-O: 4,000-5,000 MCP-CPS: 130,000-160,000 MCP-Storage: 1,500-2,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
60	Wenzhou Shinsun Xiangrui Jin Garden	The project is located at the southern side of Yongzhong West Road and the eastern side of Nanyang Avenue, Longwan District, Wenzhou City. It is well-served by public transportation with about 25 minutes' driving distance to Wenzhou South Railway Station and about 10 minutes' driving distance to Wenzhou Longwan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	74	2,071,000,000	2,071,000,000	-	GDV: 2,551,000,000 MCP-R: 16,000-18,000 MCP-C: 20,000-25,000 MCP-CPS: 90,000-110,000
61	Wenzhou Shinsun Shangdu Jin Garden	The project is located at the southern side of Yongzhong West Road and the eastern side of Longshui Road, Longwan District, Wenzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Wenzhou South Railway Station and about 10 minutes' driving distance to Wenzhou Longwan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	75	3,078,000,000	3,078,000,000	-	GDV: 3,774,000,000 MCP-R: 19,000-21,000 MCP-C: 9,000-21,000 MCP-CPS: 90,000-110,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
62	Wenzhou Shinsun Park Avenue	The project is located at the intersection of Ganyu Road and Hengyu Road, Ouhai District, Wenzhou City. It is well-served by public transportation with about 12 minutes' driving distance to Wenzhou South Railway Station and about 35 minutes' driving distance to Wenzhou Longwan International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	76	1,391,000,000	974,000,000	-	GDV: 2,255,000,000 MCP-R: 24,000-27,000 MCP-C: 28,000-30,000
63	Zhoushan Shinsun Nanshan County Garden	The project is located at the northern side of Xincheng Avenue and the eastern side of Gangdao Road, Dinghai District, Zhoushan City. It is served by public transportation with about 20 minutes' driving distance to Zhoushan Putuoshan Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in four phases. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Zhejiang	11, 77	2,189,000,000	2,189,000,000	-	GDV: 2,187,000,000 MCP-R: 11,000-20,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
64	Zhoushan Shinsun Yunhai Xinyu Garden	The project is located at the western side of Haiyin Road, Putuo District, Zhoushan City. It is served by public transportation with about 15 minutes' driving distance to Zhoushan Putuoshan Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	78	1,088,000,000	1,088,000,000	-	GDV: 1,096,000,000 MCP-R: 15,000-21,000
65	Zhoushan Shinsun Yunshan Mansion	The project is located at the northern side of Wengzhou Avenue, Dinghai District, Zhoushan City. It is well-served by public transportation with about 40 minutes' driving distance to Zhoushan Putuoshan Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Zhejiang	79	713,000,000	713,000,000	-	GDV: 1,152,000,000 MCP-R: 12,000-15,000 MCP-C: 21,000-24,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date	Valuation Parameter
					(RMB)	(RMB)	(RMB)	
66	Zhuji New Century Garden Shops	The project is located at No. 277 Zhuluo East Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 25 minutes' driving distance to Zhuji Railway Station and about 55 minutes' driving distance to Yiwu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a commercial development in one phase. As at the valuation date, the project was rented to a third party.	Zhejiang	151	5,000,000	5,000,000	-	Rent-C: 21-25 CR-C: 4.0%
67	Zhuji Futian Garden Shops	The project is located at No. 985 Zhuluo East Road, Zhuji, Shaoxing City. It is well-served by public transportation with about 30 minutes' driving distance to Zhuji Railway Station and about 55 minutes' driving distance to Yiwu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a commercial development in one phase. As at the valuation date, the project was rented to various third parties.	Zhejiang	152	16,000,000	16,000,000	-	Rent-C: 15-20 CR-C: 4.0%

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	
								Valuation Parameter
68	Ruijing International Business Center 27th Floor	The project is located at No. 198 Wuxing Road, Jiangnan District, Hangzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Hangzhou East Railway Station and about 40 minutes' driving distance to Hangzhou Xiaoshan Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a office development in one phase. As at the valuation date, the project was rented to a connected party.	Zhejiang	153	7,000,000	7,000,000	-	Rent-O: 130-140 CR-O: 4.5%
69	Shanghai Shinsun Hongkou Project	The project is located at the eastern side of Siping Road and the northern side of Tianshui Road, Hongkou District, Shanghai City. It is well-served by public transportation with about 20 minutes' driving distance to Shanghai Railway Station and about 45 minutes' driving distance to Hongqiao International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project will be developed into a residential development in one phase. As at the valuation date, the project was bare land.	Shanghai	126	8,842,000,000	7,295,000,000	-	MCP-AV: 52,000-63,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (RMB)
70	Shanghai Shinsun Futian Garden	The project is located at the eastern side of Guoquan North Road and the northern side of Guozheng Road, Yangpu District, Shanghai. It is well-served by public transportation with about 30 minutes' driving distance to Shanghai Railway Station and about 50 minutes' driving distance to Shanghai Pudong International Airport. The locality of the property is a well-developed residential area served with various public facilities. The project has been developed into a residential development in one phase. As at the valuation date, the project was completed and held for sale.	Shanghai	12	297,000,000	201,000,000	- MCP-R: 30,000-45,000 MCP-CPS: 180,000- 220,000
71	Jinan Shinsun Rose Garden	The project is located at the northern side of Cuijing Street and the eastern side of Jinhu Road, Pinyin County, Jinan City. It is served by public transportation with about 15 minutes' driving distance to Pinyin Coach Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Shandong	80, 127	229,000,000	117,000,000	- GDV: 513,000,000 MCP-R: 7,000-9,000 MCP-C: 5,500-6,500 MCP-CPS: 70,000-90,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
72	Jiyang Shinsun West River Arbor	The project is located at the southern side of Xinyuan Street and the eastern side of Chengbohu Road, Jiyang District, Jinan City. It is well-served by public transportation with about 10 minutes' driving distance to Jiyang Coach Station and about 30 minutes' driving distance to Jinan Yaoqiang International Airport. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Shandong	81	1,779,000,000	1,779,000,000	-
							GDV: 2,031,000,000 MCP-R: 7,500-8,300 MCP-C: 10,000-15,000 MCP-CPS: 110,000-130,000
73	Jiyang Shinsun Central Mansion	The project is located at the southern side of Ankang Street, Jiyang District, Jinan City. It is well-served by public transportation with about 15 minutes' driving distance to Jiyang Coach Station and about 35 minutes' driving distance to Jinan Yaoqiang International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Shandong	13, 82	307,000,000	184,000,000	-
							GDV: 1,399,000,000 MCP-R: 7,500-8,300 MCP-C: 13,000-16,000 MCP-CPS: 110,000-130,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
74	Jiyang Shinsun Oriental Arbor	The project is located at the north-eastern part of Jiyang District. It is served by public transportation with about 20 minutes' driving distance to Jiyang Bus Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into a residential development. As at the valuation date, the project was bare land.	Shandong	143	-	-	284,000,000
							MCP-AV: 1,000-1,400
75	Zoucheng Shinsun Future City	The project is located at the northern side of Liyi Road and the southern side of Hongyi Road, Zoucheng, Jining City. It is served by public transportation with about 75 minutes' driving distance to Jining Railway Station and about one and a half hours' driving distance to Jining Qufu Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in three phases. As at the valuation date, portions of the project were under construction, while the remaining portion of the project was bare land.	Shandong	83, 128	865,000,000	865,000,000	-
							GDV: 1,192,100,000 MCP-R: 5,000-8,000 MCP-C: 14,000-16,000 MCP-Storage: 2,000-4,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
76	Liaocheng Shinsun Jinlin Mansion	The project is located at the eastern side of Garden South Road and the northern side of Gaodong Street, Dongchangfu District, Liaocheng City. It is well-served by public transportation with about 20 minutes' driving distance to Liaocheng Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Shandong	84	869,000,000	869,000,000	-	GDV: 1,223,000,000 MCP-R: 10,000-13,000 MCP-C: 15,000-18,000 MCP-Storage: 2,500-3,000
77	Hohhot Shinsun Oriental Arbor	The project is located at the northern side of Genghis Khan Xi Avenue and the eastern side of Bayan Nur Bei Express, Huimin District, Hohhot City. It is served by public transportation with about 20 minutes' driving distance to Hohhot Railway Station and about 25 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Inner Mongolia	85	920,000,000	920,000,000	-	GDV: 1,557,000,000 MCP-R: 8,000-10,000 MCP-C: 18,000-20,000 MCP-CPS: 70,000-90,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
78	Hohhot Shinsun Oriental Arbor Phase II	The project is located at the northern side of Genghis Khan Xi Avenue and the eastern side of Bayan Nur Bei Express, Huimin District, Hohhot City. It is well-served by public transportation with about 20 minutes' driving distance to Hohhot Railway Station and about 25 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a newly-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Inner Mongolia	86	304,000,000	304,000,000	-	GDV: 911,000,000 MCP-R: 8,000-10,000 MCP-C: 18,000-20,000 MCP-CPS: 70,000-90,000
79	Hohhot Shinsun Jiangshan Arbor	The project is located at the northern side of Bayan Shugui Road and the eastern side of Alxa Road, Huimin District, Hohhot City. It is well-served by public transportation with about 20 minutes' driving distance to Hohhot Railway Station and about 40 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in three phases. As at the valuation date, the project was under construction.	Inner Mongolia	87	817,000,000	817,000,000	-	GDV: 2,583,000,000 MCP-R: 8,000-10,000 MCP-C: 18,000-20,000 MCP-CPS: 70,000-90,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value for Reference (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Valuation Parameter (RMB)
80	Hohhot Shinsun Lanting Arbor	The project is located at the northern side of Hailar West Road, Huimin District, Hohhot City. It is well-served by public transportation with about 10 minutes' driving distance to Hohhot Railway Station and about 25 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project will be developed into a residential and commercial development in one phase. As at the valuation date, the project was bare land.	Inner Mongolia	129	400,000,000	400,000,000	- MCP-AV: 2,000-3,000
81	Hohhot Shinsun Water Park	The project is located at the eastern side of Jinyi Avenue, Huimin District, Hohhot City. It is served by public transportation with about 20 minutes' driving distance to Hohhot Railway Station and about 40 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into an entertainment development in one phase. As at the valuation date, the project was bare land.	Inner Mongolia	130	170,000,000	170,000,000	- MCP-AV: 1,000-2,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
82	Hohhot Shinsun Yunhu Arbor	The project is located at the eastern side of Qunyiguan West Lane, Huimin District, Hohhot City. It is well-served by public transportation with about 15 minutes' driving distance to Hohhot Railway Station and about 25 minutes' driving distance to Hohhot Baita International Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Inner Mongolia	88	441,000,000	441,000,000	-	GDV: 1,342,000,000 MCP-R: 9,000-11,000 MCP-C: 11,000-14,000
83	Liaoning Shinsun Yuedu Mansion	The project is located at the western side of Fuchang Road and the southern side of Wanrun Avenue, Xiuyan Manchu Autonomous County, Anshan City. It is served by public transportation with about 2 hours' driving distance to Anshan Railway Station and about one and a half hours' driving distance to Anshan Teng'ao Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in three phases. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Liaoning	14, 89	322,000,000	164,000,000	-	GDV: 286,000,000 MCP-R: 5,000-7,000 MCP-C: 9,000-11,000 MCP-CPS: 130,000-150,000 MCP-Storage: 1,500-3,500

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
84	Fuzhou Shinsun Chendong Xinyu	The project is located at the northern side of Yingbin Avenue, Dongxiang District, Fuzhou City. It is well-served by public transportation with about 5 minutes' driving distance to Fuzhou Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Jiangxi	90	846,000,000	846,000,000	-	GDV: 925,000,000 MCP-R: 4,000-7,000
85	Fuzhou Shinsun Oriental Arbor	The project is located at the eastern side of Longshan Avenue, Dongxiang District, Fuzhou City. It is served by public transportation with about 10 minutes' driving distance to Dongxiang Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Jiangxi	91	605,000,000	605,000,000	-	GDV: 780,000,000 MCP-R: 6,000-13,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
86	Fuzhou Shinsun Foling Town Tingyutai	The project is located at the northern side of Foling Avenue, Dongxiang District, Fuzhou City. It is served by public transportation with about 10 minutes' driving distance to Dongxiang Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Jiangxi	92	308,000,000	193,000,000	-	GDV: 712,000,000 MCP-R: 5,000-6,000 MCP-C: 8,000-9,000
87	Nanchang Shinsun Mansion	The project is located at the intersection of Qingyuanshan Road and West Fengshun Street, Jiulonghu District, Nanchang City. It is well-served by public transportation with about 5 minutes' driving distance to Nanchang West Station. The project will be developed into a residential and commercial development in one phase. As at the valuation date, the project was bare land.	Jiangxi	144	-	-	971,000,000	MCP-AV: 9,000-10,000
88	Yongxiu Shinsun Junlin Mansion	The project is located at the northern side of Jianchang Avenue, Yongxiu County, Jiujiang City. It is served by public transportation with about 10 minutes' driving distance to Yongxiu Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Jiangxi	93	888,000,000	533,000,000	-	GDV: 1,095,000,000 MCP-R: 6,000-10,000 MCP-C: 10,000-13,000 MCP-O: 4,000-5,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value for Reference (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Valuation Parameter (RMB)
89	Lianyungang Shinsun Cangwu Spring Garden	The project is located at the southern side of Haining Middle Road and the western side of Tongguan Road, Haizhou District, Lianyungang City. It is well-served by public transportation with about 15 minutes' driving distance to Lianyungang Railway Station and about 45 minutes' driving distance to Lianyungang Baitabu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential and commercial development in two phases. As at the valuation date, the project was completed and held for sale.	Jiangsu	15	369,000,000	332,000,000	MCP-O: 5,000-7,000 MCP-C: 9,000-23,000
90	Lianyungang Shinsun Hanlin Mansion	The project is located at the southern side of Qindongmen Avenue and the western side of Tongguan Road, Haizhou District, Lianyungang City. It is well-served by public transportation with about 15 minutes' driving distance to Lianyungang Railway Station and about 45 minutes' driving distance to Lianyungang Baitabu Airport. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project has been developed into a residential development in one phase. As at the valuation date, the project was completed and held for sale.	Jiangsu	16	3,000,000	3,000,000	MCP-R: 9,000-12,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
91	Rudong Shinsun Hanlin Garden Phase II	The project is located at the southern side of Fuchunjiang Road and the eastern side of Taihangshan Road, Rudong County, Nantong City. It is served by public transportation with about 30 minutes' driving distance to Rudong Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Jiangsu	17	48,000,000	48,000,000	-	MCP-C: 24,000-27,000
92	Zhangjiagang Shinsun Oriental Arbor Garden	The project is located at the eastern side of Gangcheng Avenue and the northern side of Xinhu Middle Road, Daxin Town, Zhangjiagang City. It is served by public transportation with about 30 minutes' driving distance to Zhangjiagang Bus Terminal. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential development in one phase. As at the valuation date, the project was completed and held for sale.	Jiangsu	18	14,000,000	14,000,000	-	MCP-CPS: 70,000-90,000 MCP-Storage: 2,000-3,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	
								Valuation Parameter
93	Zhangjiagang Shinsun Jinlin Mansion	The project is located at the eastern side of Dong Er Huan Road and the southern side of Shenxiang Road, Zhangjiagang City. It is well-served by public transportation with about 10 minutes' driving distance to Zhangjiagang Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Jiangsu	94	1,219,000,000	1,219,000,000	-	GDV: 1,300,000,000 MCP-R: 17,000-22,000 MCP-CPS: 70,000-90,000 MCP-Storage: 2,000-3,000
94	Taixing Shinsun Taihe Garden	The project is located at the western side of Wenjiang Road and the northern side of Yunhe Road, Taixing, Taizhou City. It is well-served by public transportation with about 5 minutes' driving distance to Taixing Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Jiangsu	95	798,000,000	798,000,000	-	GDV: 829,000,000 MCP-R: 7,500-9,000 MCP-CPS: 30,000-70,000 MCP-Storage: 500-600

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
95	Taixing Shinsun Guantang Mansion	The project is located at the southern side of Wenchang East Road and the northern side of Xingnan Road, Taixing, Taizhou City. It is well-served by public transportation with about 15 minutes' driving distance to Taixing Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Jiangsu	19	667,000,000	467,000,000	- MCP-R: 7,000-14,000 MCP-C: 20,000-22,000 MCP-CPS: 30,000-80,000 MCP-Storage: 500-600
96	Taixing Shinsun Future City Garden	The project is located at the western side of Qiangxi Road and the northern side of Chengjiang Road, Taixing, Taizhou City. It is well-served by public transportation with about 20 minutes' driving distance to Taixing Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential and commercial development in seven phases. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Jiangsu	20, 96	1,845,000,000	1,292,000,000	- GDV: 2,009,000,000 MCP-R: 7,000-9,000 MCP-C: 20,000-22,000 MCP-CPS: 30,000-200,000 MCP-Storage: 500-600

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
97	Suqian Shinsun Yunhu Arbor Garden	The project is located at the southern side of Poyanghu Road and the western side of Honghai Avenue, Sucheng District, Suqian City. It is served by public transportation with about 20 minutes' driving distance to Suqian Railway Station and about 15 minutes' driving distance to Suqian Bus Terminal. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Jiangsu	21	73,000,000	73,000,000	- MCP-R: 8,600-9,500 MCP-C: 20,000-25,000
98	Yancheng Shinsun Jinlin Mansion	The project is located at the junction of Huiyang Road and Ningshu Road, Dongtai, Yancheng City. It is served by public transportation with about 20 minutes' driving distance to Dongtai Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Jiangsu	97	1,454,000,000	1,454,000,000	- GDV: 1,454,000,000 MCP-R: 7,700-15,000 MCP-C: 12,000-15,000 MCP-CPS: 62,000-114,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
99	Baoying Shinsun Mingyue Garden	The project is located at the southern side of Danbaoming Road and the eastern side of Jinwan Road, Baoying County, Yangzhou City. It is served by public transportation with about 20 minutes' driving distance to Baoying Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Jiangsu	98	771,000,000	771,000,000	-	GDV: 929,000,000 MCP-R: 3,200-8,900 MCP-C: 10,000-14,000 MCP-CPS: 20,000-40,000
100	Nantong Shinsun Cloud	The project is located at the southern side of Tongqi Road and the eastern side of Gongnong Road, northern side of Jiangwei Road, Nantong City. It is served by public transportation with about 30 minutes' driving distance to Nantong Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into a residential development in one phase. As at the valuation date, the project was bare land.	Jiangsu	145	-	-	2,125,000,000	MCP-AV: 14,000-20,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
101	Yueyang Shinsun Jinlin Mansion	The project is located at the western side of Xiangbei Avenue and the northern side of Ganshan Road, Yueyanglou District, Yueyang City. It is served by public transportation with about 25 minutes' driving distance to Yueyang Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Hunan	22, 99	1,299,000,000	1,299,000,000	-	GDV: 1,648,000,000 MCP-R: 5,500-14,000 MCP-C: 18,000-21,000
102	Linli Shinsun Jiangshan Arbor	The project is located at the southern side of Qingnian Road and the western side of Moon Island, Linli County, Changde City. It is well-served by public transportation with about 10 minutes' driving distance to Linli Railway Station and about 65 minutes' driving distance to Changde Taohuayuan Airport. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in three phases. As at the valuation date, portions of the project were completed and held for sale, portions of the project were under construction and the remaining portion of the project was bare land.	Hunan	23, 100, 131	230,000,000	161,000,000	-	GDV: 465,500,000 MCP-R: 3,000-7,000 MCP-C: 12,000-25,000 MCP-CPS: 40,000-80,000 MCP-AV: 530-640

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
103	Hengyang Shimsun Shanshan Aolai Garden	The project is located at the eastern side of Linshui Road, the southern side of Yinxing Road, the western side of Fengshun West Road and the northern side of Linshui Road, Hi-Tech Industrial Development Zone, Hengyang City. It is served by public transportation with about 30 minutes' driving distance to Hengyang Railway Station and about 35 minutes' driving distance to Hengyang Nanyue Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Hunan	101	531,000,000	531,000,000	- GDV: 1,273,000,000 MCP-R: 6,000-7,000 MCP-C: 16,000-35,000 MCP-CPS: 50,000-120,000
104	Jingshan Shimsun Shangjing Mansion	The project is located at the western side of Qujialing Road and the southern side of Xinyang Avenue, Jingshan, Jingmen City. It is served by public transportation with about one and a half hours' driving distance to Jingmen Railway Station and about one and a half hours' driving distance to Jingmen Zhanghe Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in eight phases. As at the valuation date, portions of the project were under construction, while the remaining portion of the project was bare land.	Hubei	102, 132, 146	365,000,000	292,000,000	156,000,000 GDV: 654,000,000 MCP-R: 5,000-7,000 MCP-C: 10,000-13,000 MCP-Storage: 1,000-2,500

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date	Valuation Parameter
					(RMB)	(RMB)	(RMB)	
105	Honghu Shinsun Jujin Square	The project is located at the north-western side of Yangtze River and the southern side of Renmin Road, Honghu, Jingzhou City. It is well-served by public transportation with about 5 minutes' driving distance to Honghu Coach Station and about 75 minutes' driving distance to Yueyang Sanhe Airport. The locality of the property is a well-developed residential area served with various public facilities. The project has been developed into a commercial development in one phase. As at the valuation date, the project was completed and held for investment.	Hubei	154	54,000,000	54,000,000	-	Rent-C: 40-70 CR-C: 5.5%
106	Wuhan Shinsun Peninsula	The project is located at the eastern side of Huanhu Road, Dongxihu District, Wuhan City. It is served by public transportation with about 25 minutes' driving distance to Hankou Railway Station and about 30 minutes' driving distance to Wuhan Tianhe International Airport. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into a commercial development in one phase. As at the valuation date, the project was bare land.	Hubei	133	145,000,000	145,000,000	-	MCP-AV: 1,900-2,700

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value for Reference (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Valuation Parameter (RMB)
107	Xiantao Shinsun Guanlan Mansion	The project is located at the western side of Dianpai River and the northern side of Xianyuan West Road, Xiantao City. It is served by public transportation with about 30 minutes' driving distance to Xiantao Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project has been into a residential and commercial development in two phases. As at the valuation date, the project was completed and held for sale.	Hubei	24	2,000,000	2,000,000	- MCP-R: 4,000-5,000
108	Xiantao Shinsun Guantang Mansion	The project is located at the western side of Dianpai River and the northern side of Xianyuan West Road, Xiantao City. It is served by public transportation with about 30 minutes' driving distance to Xiantao Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Hubei	103	399,000,000	399,000,000	- GDV: 831,000,000 MCP-R: 4,000-10,000 MCP-C: 7,000-10,000 MCP-CPS: 20,000-40,000 MCP-Storage: 2,000-4,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
109	Xiantao Shinsun West River Arbor	The project is located at the northern side of Cuijing Street and the eastern side of Jinhu Road, Pinyin County, Jinan City. It is served by public transportation with about 15 minutes' driving distance to Pinyin Coach Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in two phases. As at the valuation date, portions of the project were under construction, while the remaining portion of the project was bare land.	Hubei	104, 134	136,000,000	136,000,000	-	GDV: 152,000,000 MCP-R: 4,000-7,000
110	Hubei Shinsun Fairyland International Hotel	The project is located at the western side of Dianpai River and the northern side of Xianyuan Xi Road, Xiantao City. It is served by public transportation with about 31 minutes' driving distance to Xiantao Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project has been developed into a commercial development in one phase. As at the valuation date, the property was rented to a third party.	Hubei	155	249,000,000	249,000,000	-	Rent-H: 15-27 CR-H: 6.0%

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
111	Nanping Shinsun Yijing Flower City	The project is located at the western side of Shanshen Avenue, Yanping District, Nanping City. It is served by public transportation with about 20 minutes' driving distance to Yanping East Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in three phases. As at the valuation date, portions of the project were completed and held for sale, portions of the project were under construction and the remaining portion of the project was bare land.	Fujian	25, 105, 135	648,000,000	648,000,000	– GDV: 132,000,000 MCP-R: 4,200-14,000 MCP-C: 18,000-21,000 MCP-AV: 800-1,200
112	Chuzhou Shinsun Oriental Arbor	The project is located at the southern side of Zuiweng Road and eastern side of Yangming Road, Nanqiao District, Chuzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Chuzhou Railway Station and about 10 minutes' driving distance to Chuzhou Bus Terminal. The locality of the property is a well-developed residential area served with various public facilities. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Anhui	26	40,000,000	40,000,000	– MCP-R: 10,000-11,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value for Reference (for properties without proper title certificates) as at the valuation date		
					Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Valuation Parameter (RMB)
113	Dingyuan Shinsun Mansion	The project is located at the southern side of Yingbing East Road, the eastern side of Quanwushan Road and the northern side of Qijiguang Avenue, Dingyuan County, Chuzhou City. It is served by public transportation with about 20 minutes' driving distance to Dingyuan Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project has been developed into a residential development in two phases. As at the valuation date, the project was completed and held for sale.	Anhui	27	406,000,000	207,000,000	MCP-R: 5,500-8,000 MCP-C: 6,000-7,000
114	Tianchang Shinsun Junlin Mansion	The project is located at the eastern side of Ping'an Road and the northern side of Qianqiu Avenue, New South City District, Tianchang, Chuzhou City. It is served by public transportation with about 5 minutes' driving distance to Tianchang Passenger Transportation Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	106	533,000,000	533,000,000	GDV: 565,000,000 MCP-R: 6,000-11,000 MCP-C: 10,000-18,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
115	Tianchang Shinsun Junlin Mansion Purple Garden	The project is located at the western side of Tianjia Road and the northern side of Qianqiu Avenue, New South City District, Tianchang, Tianchang City. It is served by public transportation with about 5 minutes' driving distance to Tianchang Passenger Transportation Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	107	672,000,000	343,000,000	-	GDV: 756,000,000 MCP-R: 6,000-11,000 MCP-C: 10,000-18,000
116	Maanshan Shinsun Jiangshan Mansion	The project is located at the southern side of Xintao Road and the western side of Zhaoshang Road, Zhengpugang New District, Ma'anshan City. It is served by public transportation with about 45 minutes' driving distance to Ma'anshan Railway Station and about 60 minutes' driving distance to Nanjing Lukou International Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Anhui	108	229,000,000	60,000,000	-	GDV: 647,000,000 MCP-R: 6,000-12,000 MCP-C: 13,000-16,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	Valuation Parameter
117	Maanshan Shinsun Jiangshan Arbor	The project is located at the eastern side of Jingyi Road and the northern side of Xintao Road, Zhengpugang New District, Ma'anshan City. It is served by public transportation with about 45 minutes' driving distance to Ma'anshan Railway Station and about 60 minutes' driving distance to Nanjing Lukou International Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Anhui	109	398,000,000	103,000,000	-	GDV: 743,000,000 MCP-R: 5,800-7,500 MCP-C: 13,000-16,000
118	Nanling Shinsun Oriental Arbor	The project is located at the junction of Jishan Avenue and Gejiang Avenue, Chengdong District, Nanling County, Wuhu City. It is served by public transportation with about 20 minutes' driving distance to Nanling Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Anhui	28, 110	172,000,000	88,000,000	-	GDV: 125,000,000 MCP-R: 5,000-7,000 MCP-C: 8,000-10,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
119	Nanling Shinsun Jiangnan Mansion	The project is located at the southern side of Dongshan Road and the eastern side of Huimin South Road, Chengnan District, Nanling County, Wuhu City. It is served by public transportation with about 20 minutes' driving distance to Nanling Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	111	469,000,000	239,000,000	-	GDV: 954,000,000 MCP-R: 6,000-10,000 MCP-C: 9,000-13,000
120	Nanling Shinsun Jinlin Mansion	The project is located at the junction of Lingyang Road and Xueshi Road, Chengdong District, Nanling County, Wuhu City. It is served by public transportation with about 25 minutes' driving distance to Nanling Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Anhui	112	650,000,000	332,000,000	-	GDV: 865,000,000 MCP-R: 6,000-14,000 MCP-C: 4,000-12,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value in existing state as at the valuation date (RMB)	Market Value Attributable to the Group as at the valuation date (RMB)	Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB)	
								Valuation Parameter
121	Wuhu Shinsun Mansion	The project is located at the junction of Beijing Middle Road and Zhongjiang Avenue, Jiujiang District, Wuhu City. It is served by public transportation with about 30 minutes' driving distance to Wuhu East Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	113	1,157,000,000	1,157,000,000	-	GDV: 1,571,000,000 MCP-R: 12,000-14,000 MCP-C: 30,000-35,000 MCP-CPS: 90,000-95,000
122	Suzhou Shinsun Jiangshan Arbor	The project is located at the junction of Yinhe Er Road and Tongji Wu Road, Yongqiao District, Suzhou City. It is well-served by public transportation with about 25 minutes' driving distance to Suzhou Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in two phases. As at the valuation date, the project was under construction.	Anhui	114	1,275,000,000	1,275,000,000	-	GDV: 1,627,000,000 MCP-R: 7,000-8,500 MCP-C: 18,000-25,000 MCP-CPS: 30,000-40,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
123	Suzhou Shinsun Yunhuyue	The project is located at the south-eastern corner of the junction of Yingbin Avenue and Sumeng Road, Yongqiao District, Suzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Suzhou Bus Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	115	487,000,000	487,000,000	- GDV: 1,486,000,000 MCP-R: 6,000-7,000 MCP-C: 10,000-15,000 MCP-CPS: 20,000-30,000
124	Guangde Shinsun Flowery Arbor	The project is located at the northern side of Tuanjie West Road and the eastern side of Songtao Road, Guangde, Xuancheng City. It is served by public transportation with about 5 minutes' driving distance to Guangde Passenger Transportation Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project has been developed into a residential and commercial development in one phase. As at the valuation date, the project was completed and held for sale.	Anhui	29	14,000,000	7,000,000	- MCP-R: 9,000-10,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for Reference (for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
125	Guangde Shinsun Junlin Mansion	The project is located at No. 129 Guangde Road, Guangde, Xuancheng City. It is well-served by public transportation with about 15 minutes' driving distance to Guangde Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	116	355,000,000	355,000,000	- GDV: 462,000,000 MCP-R: 9,000-10,000 MCP-C: 12,000-24,000 MCP-CPS: 60,000-90,000
126	Guangde Shinsun Xiyue Mansion	The project is located at the junction of Binhe Road and Nantang Road, Guangde, Xuancheng City. It is served by public transportation with about 15 minutes' driving distance to Guangde Railway Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	117	469,000,000	469,000,000	- GDV: 1,222,000,000 MCP-R: 7,000-8,400 MCP-C: 8,000-9,000 MCP-CPS: 40,000-50,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
127	Langxi Shinsun Yuejiangnan	The project is located at the northern side of Bihe Road and the western side of Maoling Road, Langxi Town, Xuancheng City. It is served by public transportation with about one hour's driving distance to Xuancheng Railway Station and about one and a half hours' driving distance to Nanjing Lukou International Airport. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential development in one phase. As at the valuation date, the project was under construction.	Anhui	118	519,000,000	519,000,000	-	GDV: 762,000,000 MCP-R: 6,100-7,000 MCP-C: 7,000-10,000
128	Xuancheng Shinsun Wanling Lake New City	The project is located at the western side of Xunhua Road, the northern side of Hongyue Avenue, the eastern side of Qingxi Road and the southern side of Linhai Road, Xuancheng Economic and Technological Development Zone, Xuancheng City. It is well-served by public transportation with about 20 minutes' driving distance to Xuancheng Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in four phases. As at the valuation date, portions of the project were completed and held for sale, portions of the project were under construction and the remaining portion of the project was bare land.	Anhui	30, 119, 136	203,000,000	203,000,000	-	GDV: 48,000,000 MCP-CPS: 50,000-60,000 MCP-AV: 800-1,100

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
129	Xuancheng Shinsun Wanling Xinyu	The project is located at the western side of Xunhua Road and the northern side of Baijian Mountain Road, Xuancheng Economic and Technological Development Zone, Xuancheng City. It is well-served by public transportation with about 20 minutes' driving distance to Xuancheng Railway Station. The locality of the property is a well-developed residential and commercial area served with various public facilities. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were completed and held for sale, while the remaining portion was under construction.	Anhui	31, 120	24,000,000	24,000,000	- GDV: 18,000,000 MCP-CPS: 50,000-60,000 MCP-Storage: 1,000-1,500
130	Xuancheng Shinsun Cloud	The project is located at the southern side of Shuiyang Jiang Bei Avenue and both sides of Gongji Road, Xuancheng City. It is served by public transportation with about 10 minutes' driving distance to Xuancheng Railway Station and 15 minutes' driving distance to Xuancheng Coach Station. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, portions of the project were under construction, while the remaining portion of the project was bare land.	Anhui	121	371,000,000	371,000,000	36,000,000 GDV: 790,000,000 MCP-R: 7,200-8,500 MCP-C: 10,000-19,000 MCP-CPS: 50,000-70,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value		
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value for properties without proper title certificates) as at the valuation date
					(RMB)	(RMB)	(RMB)
131	Tianchang Shinsun Changjian Jinlin Mansion	The project is located at the eastern side of Jinji Road and the southern side of Guangling Road, New South City District, Tianchang, Tianchang City. It is well-served by public transportation with about 15 minutes' driving distance to Tianchang Passenger Transportation Centre. The locality of the property is a newly-developed residential and commercial area where public facilities are under further improvement. The project is being developed into a residential and commercial development in one phase. As at the valuation date, the project was under construction.	Anhui	122	247,000,000	148,000,000	- GDV: 880,000,000 MCP-R: 6,000-11,000 MCP-C: 10,000-18,000
132	Hefei Beiyuan Lake Shinsun Cloud	The project is located at the southern side of Boyanwan Road and the western side of Wenqu Road, northern side of Changan Road and eastern side of Chuangxin Avenue, Hefei City. It is served by public transportation with about 20 minutes' driving distance to West Hefei Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into a residential development in one phase. As at the valuation date, the project was bare land.	Anhui	147	-	-	1,434,000,000 MCP-AV: 9,000-12,000

Project No.	Project Name	Brief Description of the Project	Province/ Municipality	Ref. to Property Nos.	Market Value			Valuation Parameter
					Market Value in existing state as at the valuation date	Market Value Attributable to the Group as at the valuation date	Market Value (for properties without proper title certificates) as at the valuation date	
					(RMB)	(RMB)	(RMB)	
133	Dingyuan Shinsun Future Arbor	The project is located at the north-eastern side of the junction of Quanwu Avenue and Xinlong Road, Dingyuan County, Chuzhou City. It is served by public transportation with about 25 minutes' driving distance to Dingyuan Railway Station. The locality of the property is a newly-developed residential area where public facilities are under further improvement. The project will be developed into a residential development in one phase. As at the valuation date, the project was bare land.	Anhui	137	150,000,000	150,000,000	-	MCP-AV: 1,000-1,400
134	Suqian Shinsun Oriental Arbor	The project is located at the southern side of Yucai East Road and the northern side of Wudang Mountain Road, Suqian City. It is served by public transportation with about 25 minutes' driving distance to Suqian Passenger Transportation Centre. The locality of the property is a well-developed residential area served with various public facilities. The project is being developed into a residential development in one phase. As at the valuation date, the project was bare land.	Anhui	148	-	-	403,000,000	MCP-AV: 4,500-5,500

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 13, 2019 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its amended and restated Memorandum of Association (the “**Memorandum**”) and its amended and restated Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on October 20, 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies 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 the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions

of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental

expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has

been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such

Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members***(i) Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) *Accounts and audit*

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to

compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees

upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies 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.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the

treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from May 29, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this Prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on December 13, 2019. Our Company has established its principal place of business in Hong Kong at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 19, 2020. Ms. Chen Chun has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. As our Company was incorporated in the Cayman Islands, we are subject to the Cayman Islands Companies Law, the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Islands Companies Law is set out in "Summary of the constitution of our Company and Cayman Islands Companies Law" in Appendix IV to this Prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was US\$50,000 divided into 50,000 shares of US\$1 each. Upon its incorporation, one fully-paid share of US\$1 each of our Company was issued and allotted to an initial subscriber who is an Independent Third Party on December 13, 2019, which was then transferred to Shinlight Limited at the consideration of US\$1 on the same date.

On May 11, 2020, each of our issued and unissued shares of US\$1.00 each was subdivided into 100 Shares of US\$0.01 each. On May 20, 2020, Golden Stone transferred one share of Silver Rock, representing the entire issued share capital of Silver Rock, to our Company in consideration of the issue and allotment of 10 Shares of US\$0.01 each to Golden Stone. On the same date, our Company issued and allotted 890 Shares of US\$0.01 each to Shinlight Limited.

Pursuant to the written resolutions of the Shareholders passed on October 20, 2020, our authorized share capital was increased from US\$50,000 to US\$200,000,000 by the creation of additional 19,995,000,000 Shares, and following such increase, the authorized share capital of our Company was US\$200,000,000 divided into 20,000,000,000 Shares of US\$0.01 each.

Immediately following completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the issued share capital of our Company will be US\$30,000,000 divided into 3,000,000,000 Shares, all fully paid or credited as fully paid, and 17,000,000,000 Shares will remain unissued.

Save as disclosed above and as mentioned in “— 4. Written resolutions of our Shareholders passed on October 20, 2020” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Our principal subsidiaries are set out in the Accountants’ Report, the text of which is set out in Appendix I to this Prospectus.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this Prospectus:

Shinsun Property

On December 31, 2018, the registered capital of Shinsun Property was increased from RMB1,280,000,000 to RMB1,580,000,000.

Xuancheng Shinsun Yunjing Real Estate Development Co., Ltd. (宣城祥生雲境房地產開發有限公司) (“*Xuancheng Shinsun*”)

On August 2, 2019, the registered capital of Xuancheng Shinsun was increased from RMB30,000,000 to RMB50,000,000.

Guangde Xianghong Real Estate Development Co., Ltd. (廣德祥弘房地產開發有限公司) (“*Guangde Xianghong*”)

On November 22, 2019, the registered capital of Guangde Xianghong was increased from RMB10,000,000 to RMB50,000,000.

On December 30, 2019, the registered capital of Guangde Xianghong was increased from RMB50,000,000 to RMB70,000,000.

Zhejiang Zhuji Shinsun Tourism Culture Development Co., Ltd. (浙江諸暨祥生旅遊文化發展有限公司) (“*Zhuji Shinsun Tourism*”)

On November 26, 2018, the registered capital of Zhuji Shinsun Tourism was increased from RMB10,000,000 to RMB100,000,000.

On August 13, 2020, the registered capital of Zhuji Shinsun Tourism was increased from RMB100,000,000 to RMB112,500,000.

Hangzhou Jibin Enterprise Management Co., Ltd. (杭州暨濱企業管理有限公司)
(“*Hangzhou Jibin*”)

On March 22, 2019, the registered capital of Hangzhou Jibin was increased from RMB1,000,000 to RMB30,000,000.

Hangzhou Zhengran Enterprise Management Co., Ltd. (杭州正然企業管理有限公司)
(“*Hangzhou Zhengran*”)

On October 17, 2019, the registered capital of Hangzhou Zhengran was increased from RMB1,000,000 to RMB10,000,000.

Zhoushan Shinsun Hongsheng Real Estate Development Co., Ltd. (舟山祥生弘盛房地產開發有限公司) (“*Zhoushan Shinsun Hongsheng*”)

On November 23, 2018, the registered capital of Zhoushan Shinsun Hongsheng was increased from RMB50,000,000 to RMB58,823,500.

Shinsun Xinhe

On April 8, 2019, the registered capital of Shinsun Xinhe was decreased from RMB203,125,000 to RMB130,000,000.

Shinsun Xiangrui

On May 29, 2019, the registered capital of Shinsun Xiangrui was decreased from RMB100,000,000 to RMB80,000,000.

Anji Shinsun Real Estate Co., Ltd. (安吉祥生置業有限公司) (“*Anji Shinsun Real Estate*”)

On September 30, 2019, the registered capital of Anji Shinsun Real Estate was increased from RMB50,000,000 to RMB125,000,000.

Deqing Shinsun Real Estate Co., Ltd. (德清祥生置業有限公司) (“*Deqing Shinsun*”)

On December 14, 2018, the registered capital of Deqing Shinsun was increased from RMB50,000,000 to RMB70,000,000.

Hangzhou Jihan Enterprise Management Co., Ltd. (杭州暨涵企業管理有限公司)
(“*Hangzhou Jihan*”)

On August 20, 2019, the registered capital of Hangzhou Jihan was increased from RMB1,000,000 to RMB50,000,000.

Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd. (杭州祥生弘程房地產開發有限公司) (“*Hangzhou Shinsun Hongcheng*”)

On July 12, 2019, the registered capital of Hangzhou Shinsun Hongcheng was increased from RMB700,000,000 to RMB1,076,923,077.

Hangzhou Jishan Enterprise Management Co., Ltd. (杭州暨山企業管理有限公司) (“*Hangzhou Jishan*”)

On July 4, 2019, the registered capital of Hangzhou Jishan was increased from RMB1,000,000 to RMB1,960,700.

Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄞城市祥宜房地產開發有限公司) (“*Zoucheng Xiangyi*”)

On December 17, 2019, the registered capital of Zoucheng Xiangyi was increased from RMB50,000,000 to RMB887,000,000.

Zhuji Shinsun Xiangyue Real Estate Co., Ltd. (諸暨祥生祥躍置業有限公司) (“*Shinsun Xiangyue*”)

On April 23, 2020, the registered capital of Shinsun Xiangyue was decreased from RMB62,500,000 to RMB50,000,000.

Hangzhou Shinsun Hongyuan Real Estate Development Co., Ltd. (杭州祥生弘遠房地產開發有限公司) (“*Hangzhou Hongyuan*”)

On April 30, 2019, the registered capital of Hangzhou Hongyuan was decreased from RMB152,500,200 to RMB30,000,000.

Xuancheng Minsheng New Town Development Co., Ltd. (宣城民生新城鎮發展有限公司) (“*Xuancheng Minsheng*”)

On May 9, 2019, the registered capital of Xuancheng Minsheng was increased from RMB60,000,000 to RMB100,000,000.

Hangzhou Xiangyi Apartment Management Co., Ltd. (杭州祥義公寓管理有限公司) (“*Xiangyi Apartment*”)

On November 21, 2019, the registered capital of Xiangyi Apartment was increased from RMB10,000,000 to RMB20,000,000.

Shinsun Plaza Trading

On December 12, 2019, the registered capital of Shinsun Plaza Trading was increased from RMB20,000,000 to RMB50,000,000.

Tongxiang Shinsun Real Estate Development Co., Ltd. (桐鄉祥生房地產開發有限公司) (“Tongxiang Shinsun”)

On March 3, 2020, the registered capital of Tongxiang Shinsun was increased from RMB300,000,000 to RMB571,430,000.

Zhuji Zhuojie

On April 2, 2020, the registered capital of Zhuji Zhuojie was increased from RMB9,700,000 to RMB9,797,980.

On May 7, 2020, the registered capital of Zhuji Zhuojie was increased from RMB9,797,980 to RMB25,000,000.

Zhuji Shinsun Xiangtai Real Estate Co., Ltd. (諸暨祥生祥泰置業有限公司) (“Zhuji Xiangtai”)

On April 26, 2020, the registered capital of Zhuji Xiangtai was decreased from RMB37,500,000 to RMB30,000,000.

Hangzhou Shinsun Hongtu Real Estate Development Co., Ltd. (杭州祥生弘圖房地產開發有限公司) (“Hangzhou Hongtu”)

On June 28, 2020, the registered capital of Hangzhou Hongtu was increased from RMB50,000,000 to RMB628,764,000.

Hangzhou Shinsun Hongzhi Real Estate Development Co., Ltd. (杭州祥生弘治房地產開發有限公司) (“Hangzhou Hongzhi”)

On June 28, 2020, the registered capital of Hangzhou Hongzhi was increased from RMB50,000,000 to RMB720,483,000.

Hangzhou Bomeng Management Consulting Co., Ltd. (杭州博盟企業管理諮詢有限公司) (“Hangzhou Bomeng”)

On July 22, 2020, the registered capital of Hangzhou Bomeng was increased from RMB1,000,000 to RMB5,000,000.

Hangzhou Zhaolang Investment Management Co., Ltd. (杭州兆朗投资管理有限公司)
(“*Hangzhou Zhaolang*”)

On July 23, 2020, the registered capital of Hangzhou Zhaolang was increased from RMB1,000,000 to RMB250,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries during the two years preceding the date of this Prospectus.

4. Written resolutions of our Shareholders passed on October 20, 2020

Pursuant to the written resolutions passed by the Shareholders on October 20, 2020, among other matters:

- (a) we approved and conditionally adopted the amended and restated Memorandum which will become effective upon Listing;
- (b) we approved and conditionally adopted the amended and restated Articles which will become effective upon Listing;
- (c) the authorized share capital of our Company was increased from US\$50,000 divided into 5,000,000 Shares to US\$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,995,000,000 Shares ranking *pari passu* in all aspects with the existing Shares with immediate effect;
- (d) conditional on (aa) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be issued and allotted pursuant to the Capitalization Issue, the Global Offering and as mentioned in this Prospectus including the Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this Prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:
 - (i) the Global Offering was approved and our Directors were authorized to issue and allot the Offer Shares pursuant to the Global Offering;
 - (ii) the Over-allotment Option was approved and our Directors were authorized to issue and allot the Shares upon the exercise of the Over-allotment Option;

- (iii) the rules of the Share Option Scheme, the principal terms and conditions of which are set out in “D. Share Option Scheme” below in this Appendix, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to issue, allot and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
- (iv) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize US\$23,999,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 2,399,999,000 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company;
- (v) a general unconditional mandate was given to our Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be issued and allotted), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the issue and allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and Global Offering (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved 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 number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), such

mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

- (vii) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the number of issued Shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buyback Shares referred to in paragraph (vi) above.

5. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, see “History, Reorganization and Corporate Structure” in this Prospectus.

6. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this Prospectus concerning the buyback by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders’ approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on October 20, 2020, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles and the Cayman Islands Companies Law. A listed company may not buyback its own shares 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.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a “core connected person”, which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buyback Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Islands Companies Law, a buyback of Shares may also be paid out of capital.

On the basis of the current financial position of our Group as disclosed in this Prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this Prospectus. However, our

Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of 3,000,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), would result in up to 300,000,000 Shares being bought back by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 300,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to 88.00% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this Prospectus and are or may be material:

- (a) an equity transfer agreement (股權划轉協議) dated December 16, 2019 entered into between Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) and Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司), pursuant to which Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) agreed to inject its 98.14% equity interest in Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) (equivalent to RMB2,506,128,000) into Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司) as the capital reserve of Zhuji Zhoujie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司);
- (b) an equity transfer agreement (股權轉讓協議) dated December 31, 2019 entered into between Chen Guoxiang (陳國祥) and Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司), pursuant to which Chen Guoxiang (陳國祥) agreed to transfer his capital contribution commitment (出資額) of RMB29,400,000, representing 1.86% of the registered capital in Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), to Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司) at a consideration of RMB59,833,243;

- (c) an equity transfer agreement (股權轉讓協議) dated January 8, 2020 entered into between Zhejiang Zhuji Shinsun Tourism Culture Development Co., Ltd. (浙江諸暨祥生旅遊文化發展有限公司) and Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司), pursuant to which Zhejiang Zhuji Shinsun Tourism Culture Development Co., Ltd. (浙江諸暨祥生旅遊文化發展有限公司) agreed to transfer its capital contribution commitment (出資額) of RMB5,000,000, representing 100% of the registered capital in Zhuji Xiangsheng Youqiju Hotel Co., Ltd. (諸暨祥生幽憩居酒店有限公司), to Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司) at a consideration of RMB5,000,000;
- (d) an equity transfer agreement (股權轉讓協議) dated March 5, 2020 entered into between Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) and Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司), pursuant to which Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) agreed to transfer its 100% equity interest in Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd. (湖北祥生仙苑國際大酒店管理有限公司) to Zhejiang Xiangsheng Hotel Management Co., Ltd. (浙江祥生酒店管理有限公司) at a consideration of RMB22,000,001;
- (e) an equity transfer agreement (股權轉讓協議) dated March 11, 2020 entered into between Hong Yuan International Holdings Limited (弘源國際控股有限公司) and Hong Run International Holdings Limited (弘潤國際控股有限公司), pursuant to which Hong Yuan International Holdings Limited (弘源國際控股有限公司) agreed to transfer its 30% equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) to Hong Run International Holdings Limited (弘潤國際控股有限公司) at a consideration of RMB266,100,000;
- (f) an equity transfer agreement (股權轉讓協議) dated March 16, 2020 entered into between Hangzhou Cibao Investment Co., Ltd. (杭州慈抱投資有限公司) and Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), pursuant to which Hangzhou Cibao Investment Co., Ltd. (杭州慈抱投資有限公司) agreed to transfer its 10% equity interest in Huzhou Shinsun Yiyue Real Estate Development Co., Ltd. (湖州祥生宜越房地產開發有限公司) to Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) at a consideration of RMB3,000,000;
- (g) a capital contribution transfer agreement (轉讓出資協議書) dated March 20, 2020 entered into between Liaoning Shinsun Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司) and Zhejiang Xiangsheng Property Management Service Co., Ltd. (浙江祥生物業服務有限公司), pursuant to which Liaoning Shinsun Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司) agreed to transfer its capital contribution commitment (出資額) of RMB255,000 in Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業有限公司) to Zhejiang Xiangsheng Property Management Service Co., Ltd. (浙江祥生物業服務有限公司) at a consideration of RMB255,000;

- (h) a capital contribution transfer agreement (轉讓出資協議書) dated March 20, 2020 entered into between Liaoning Shinsun Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司) and Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司), pursuant to which Liaoning Shinsun Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司) agreed to transfer its capital contribution commitment (出資額) of RMB245,000 in Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業有限公司) to Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司) at a consideration of RMB245,000;
- (i) an equity transfer agreement (股權轉讓協議) dated March 30, 2020 entered into between Yao Xiaozhen (姚筱珍), Zhejiang Xiangsheng Construction Co., Ltd. (浙江祥生建設工程有限公司), Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) and Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd. (浙江祥生弘創建築科技有限公司), pursuant to which Yao Xiaozhen (姚筱珍) and Zhejiang Xiangsheng Construction Co., Ltd. (浙江祥生建設工程有限公司) agreed to transfer their respective 51% and 49% equity interest in Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd. (浙江祥生弘創建築科技有限公司) to Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) at a consideration of RMB51,000,000 and nil consideration, respectively;
- (j) an amendment agreement (變更協議) dated March 30, 2020 entered into between Hong Yuan International Holdings Limited (弘源國際控股有限公司) and Hong Run International Holdings Limited (弘潤國際控股有限公司) to amend the equity transfer agreement referred to in (e) above, pursuant to which the consideration for the transfer of the 30% equity interest in Zoucheng Xiangyi Real Estate Development Co., Ltd. (鄒城市祥宜房地產開發有限公司) was adjusted to US\$35,000,000;
- (k) an equity transfer agreement (股權轉讓協議) dated March 31, 2020 entered into between Hong Yuan International Holdings Limited (弘源國際控股有限公司) and Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), pursuant to which Hong Yuan International Holdings Limited (弘源國際控股有限公司) agreed to transfer its 48.98% equity interest (equivalent to RMB578,000,000) in Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司) to Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) at a consideration of RMB651,000,000;
- (l) a joint venture agreement (合資合同) dated April 1, 2020 entered into between Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) and Golden Stone Hong Kong Limited, pursuant to which Golden Stone Hong Kong Limited agreed to make a capital injection of RMB62,000,000 into Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司);

- (m) an equity transfer agreement (股權轉讓協議) dated April 20, 2020 entered into between Xiangsheng Industrial Group Co., Ltd. (祥生實業集團有限公司) and Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), pursuant to which Xiangsheng Industrial Group Co., Ltd. (祥生實業集團有限公司) agreed to transfer its capital contribution commitment (出資額) of RMB24,500,000, representing 49% of the registered capital in Zhejiang Shinsun Plaza Trading Co., Ltd. (浙江祥生廣場商貿有限公司), to Shinsun Property Group Co., Ltd. (祥生地產集團有限公司) at a consideration of RMB63,700,000;
- (n) a joint venture agreement (合資合同) dated May 1, 2020 entered into between Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司), Golden Stone Hong Kong Limited and Zhejiang Xiangshen Business Consulting Co., Ltd. (浙江祥紳商務諮詢有限公司), pursuant to which Zhejiang Xiangshen Business Consulting Co., Ltd. (浙江祥紳商務諮詢有限公司) agreed to make a capital injection of RMB15,202,020 into Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司);
- (o) an equity transfer agreement (股權轉讓協議) dated May 10, 2020 entered into between Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) and Zhejiang Xiangshen Business Consulting Co., Ltd. (浙江祥紳商務諮詢有限公司), pursuant to which Zhuji Xiangshen Industrial Co., Ltd. (諸暨祥紳實業有限公司) agreed to transfer its capital contribution commitment (出資額) of RMB9,700,000, representing 38.8% of the registered capital in Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓杰企業管理有限公司), to Zhejiang Xiangshen Business Consulting Co., Ltd. (浙江祥紳商務諮詢有限公司) at a consideration of RMB2,515,828,000;
- (p) a share swap agreement dated May 20, 2020 entered into between Golden Stone Development Limited and Shinsun Holdings (Group) Co., Ltd., pursuant to which Golden Stone Development Limited agreed to transfer one share of SilverRock Group Holdings Limited to Shinsun Holdings (Group) Co., Ltd. and Shinsun Holdings (Group) Co., Ltd. issued and allotted 10 shares with par value of US\$0.01 each to Golden Stone Development Limited as consideration;
- (q) the Deed of Indemnity; and
- (r) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Company is the registered proprietor of the following trademarks which are material to our business:

No.	Trademark	Registration Number	Class	Place of Registration	Registered Proprietor	Date of Registration	Expiry Date
1.		305150880	35, 36, 37	Hong Kong	Shinsun Property	December 23, 2019	December 22, 2029
2.		6610684	5	PRC	Shinsun Property	April 14, 2011	April 13, 2021
3.		6610485	39	PRC	Shinsun Property	February 14, 2011	February 13, 2021
4.		6610674	41	PRC	Shinsun Property	February 14, 2011	February 13, 2021
5.		6610673	42	PRC	Shinsun Property	February 14, 2011	February 13, 2021
6.		4035543	30	PRC	Zhejiang Jingyue Real Estate Co., Ltd.	July 14, 2016	July 13, 2026
7.		8377300	30	PRC	Zhejiang Jingyue Real Estate Co., Ltd.	June 21, 2011	June 20, 2021
8.	東方樾	35107809	36	PRC	Nanjing Xiangsheng Century Real Estate Development Co., Ltd.	September 28, 2019	September 27, 2029
9.	江山樾九仰	35607599	36	PRC	Nanjing Xiangsheng Century Real Estate Development Co., Ltd.	September 21, 2019	September 20, 2029

No.	Trademark	Registration Number	Class	Place of Registration	Registered Proprietor	Date of Registration	Expiry Date
10.	江山樾九仰	35586379	37	PRC	Nanjing Xiangsheng Century Real Estate Development Co., Ltd.	September 21, 2019	September 20, 2029
11.	江山樾	35111186	36	PRC	Nanjing Xiangsheng Century Real Estate Development Co., Ltd.	July 28, 2019	July 27, 2029
12.	君臨府	35111197	36	PRC	Nanjing Xiangsheng Century Real Estate Development Co., Ltd.	October 14, 2019	October 13, 2029
13.	云湖樾	37879911	36	PRC	Suqian Xiangsheng Lianbao Real Estate Development Co., Ltd.	December 21, 2019	December 20, 2029
14.	云湖樾	37879928	37	PRC	Suqian Xiangsheng Lianbao Real Estate Development Co., Ltd.	December 21, 2019	December 20, 2029

As of the Latest Practicable Date, our Group has obtained license to use the following trademark from Xiangsheng Industrial, the registered proprietor:

No.	Trademark	Registration Number	Class	Place of Registration	Date of Registration	Expiry Date
1.	SHINSUN 祥生	34163093A	36	PRC	September 7, 2019	September 6, 2029

(b) Domain name

As of the Latest Practicable Date, our Group had registered the following domain name which is material to our business:

No.	Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	www.shinsunholdings.com	Shanghai Xiangsheng Julang Enterprise Management Co., Ltd.	May 26, 2020	May 26, 2021

(c) Patent

As of the Latest Practicable Date, our Group had registered the following patent which is material to our business:

No.	Patent	Type of patent	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1.	Wuhu Sales office design (Wuhu Xiangsheng Mansion)	Design	Wuhu Xiangjun Real Estate Development Co., Ltd.	PRC	December 24, 2018	December 24, 2028

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests — Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option or any options that may be granted under the Share Option Scheme are not exercised, the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

(i) Interest in our Company

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Shares interested⁽¹⁾</u>	<u>Approximate percentage of interest</u>
Mr. Chen	Founder of a trust ⁽²⁾	2,376,000,000 Shares (L)	79.2%
Mr. Chen Hongni	Beneficiary of a trust ⁽²⁾	2,376,000,000 Shares (L)	79.2%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The entire issued share capital of Shinlight Limited is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen as settlor, the beneficiaries of which are Mr. Chen and his family members including Mr. Chen Hongni. Accordingly, each of Mr. Chen and Mr. Chen Hongni is deemed under the SFO to be interested in the Shares held by Shinlight Limited.

(ii) Interest in associated corporations of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Number of shares interested</u>	<u>Approximate percentage of interest</u>
Mr. Chen	Shinlight Limited	Founder of a trust ⁽²⁾	1 share	100%
Mr. Chen Hongni	Shinlight Limited	Beneficiary of a trust ⁽²⁾	1 share	100%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The entire issued share capital of Shinlight Limited is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen as settlor, the beneficiaries of which are Mr. Chen and his family members including Mr. Chen Hongni. Accordingly, each of Mr. Chen and Mr. Chen Hongni is deemed under the SFO to be interested in the share of Shinlight Limited.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months’ notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months’ notice in writing served by either party on the other.

(c) Directors’ remuneration

Each of our executive Directors, being Mr. Chen, Mr. Chen Hongni, Ms. Yao Xiaozhen and Mr. Zhao Leiyi, is entitled to a remuneration and shall be paid on the basis of a twelve-month year. The aggregate remuneration (including salaries, allowances and benefits in kind, pension scheme contributions and social welfare) paid to our Directors for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 was RMB1,573,000, RMB16,802,000, RMB13,249,000 and RMB3,799,000, respectively. For details, please refer to Note 8 of the Accountants’ Report set out in Appendix I.

Each of our independent non-executive Directors has been appointed for a term of three years. We intend to pay a director's fee of HK\$240,000 per annum to Mr. Wong Kon Man Jason, and RMB200,000 per annum to each of Mr. Ding Jiangang and Mr. Ma Hongman. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as independent non-executive Directors.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2020 is estimated to be no more than RMB12.0 million.

2. Substantial shareholders

(a) *Interest of the substantial Shareholders in the Shares*

Save as disclosed as "Substantial Shareholders", so far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering assuming that the Over-allotment Option or any options that may be granted under the Share Option Scheme are not exercised, no person (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

(b) *Interest in other members of our Group*

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive officer of our Company) were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of other members of our Group:

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Jiangxi Zhongcheng Shinsun Real Estate Development Co., Ltd. (江西中城祥生地產開發有限 公司)	Ningbo Zhongcheng United Property Co., Ltd. (寧波中城聯合物產有限公司)	40%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Guangde Xianghong Real Estate Development Co., Ltd. (廣德祥弘房地產開發有限公司)	Jiaxing Dingjun Investment Partnership (LP) (嘉興鼎駿投資合夥企業(有限合夥))	20.43%
	Jiaxing Xinjun Investment Partnership (LP) (嘉興信俊投資合夥企業(有限合夥))	28.57%
Zhuji Donghe Tourism Development Co., Ltd. (諸暨市東和旅遊管理有限公司)	Zhuji Donghe Shiliping Village Economic Shareholding Co-Operative (諸暨市東和鄉十裡坪村股份經濟合作社)	30%
	Zhuji Hemei Agricultural Development Co., Ltd. (諸暨市和美農業開發有限公司)	10%
Shinsun Hongjing	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Shaoxing Shinsun Hongyuan Real Estate Development Co., Ltd. (紹興祥生弘遠房地產開發有限公司)	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Zhuji Shinsun Hongyuan Real Estate Co., Ltd. (諸暨市祥生弘源置業有限公司)	Zhuji Tiancheng Infrastructure Investment Co., Ltd. (諸暨天誠基礎建設投資有限責任公司)	31%
	Zhejiang Pengrui Investment Co., Ltd. (浙江鵬瑞投資有限公司)	18%
Zhuji Shinsun Baiyue Real Estate Co., Ltd. (諸暨市祥生百越置業有限公司)	Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司)	20%
	Zhuji Yibai Group Co., Ltd. (諸暨一百集團有限公司)	10%
Zhuji Shinsun Xiangqi Real Estate Co., Ltd. (諸暨祥生祥祺置業有限公司)	Zhuji Yiyue Equity Investment Partnership (LP) (諸暨宜越股權投資合夥企業(有限合夥))	47%
Zhuji Shinsun Hongrun Real Estate Co., Ltd. (諸暨祥生弘潤置業有限公司)	Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司)	49%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Zhuji Shinsun Jinghui Real Estate Co., Ltd. (諸暨祥生景輝置業有限公司)	Hangzhou Shoufeng Construction Management Co., Ltd. (杭州守峰建設管理有限公司)	30%
Zhuji Shinsun Xianghe Real Estate Co., Ltd. (諸暨祥生祥合置業有限公司)	Zhuji Yijing Equity Investment Partnership (LP) (諸暨宜景股權投資合夥企業(有限合夥))	49%
Anji Shinsun Real Estate Co., Ltd. (安吉祥生置業有限公司)	Chasestone Asset Management (Ningbo) Co., Ltd. (淳石資產管理(寧波)有限公司)	40%
Deqing Shinsun Real Estate Co., Ltd. (德清祥生置業有限公司)	Deqing Construction Investment Co., Ltd. (德清縣建設投資有限公司)	40%
Hangzhou Chunyuan Health Care Service Co., Ltd. (杭州春園健康養老服務有限公司)	Xinyu Yingkai Investment Management Partnership (LP) (新餘盈凱投資管理合夥企業(有限合夥))	45%
Hangzhou Jihan Enterprise Management Co., Ltd. (杭州暨涵企業管理有限公司)	Jiaxing Zhenchong Investment Partnership (LP) (嘉興楨崇投資合夥企業(有限合夥))	49%
Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd. (杭州祥生弘程房地產開發有限公司)	Ping An Trust Co., Ltd. (平安信託有限公司)	35%
	Hangzhou Jiyue Enterprise Management Co., Ltd. (杭州暨越企業管理有限公司)	14%
Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd. (杭州祥生弘越房地產開發有限公司)	Ping An Trust Co., Ltd. (平安信託有限公司)	33.9%
Tongxiang Shinsun Real Estate Development Co., Ltd. (桐鄉祥生房地產開發有限公司)	Zhuhai Wanhe Jinhua Asset Management Co., Ltd. (珠海萬和錦華資產管理有限公司)	70%
Zhejiang Xiangwei Tourism Development Co., Ltd. (浙江祥偉旅遊開發有限公司)	Zhang Mingzhu (張明珠)	35%
Shinsun Haining	Zhejiang Mansidun Real Estate Development Co., Ltd. (浙江曼斯頓房地產開發有限公司)	40%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Wuhu Shinsun Real Estate Development Co., Ltd. (蕪湖祥生房地產開發有限公司)	Zhejiang Zhongxing Investment Co., Ltd. (浙江中興投資有限公司)	49%
Linhai Shinsun Hongjing Real Estate Development Co., Ltd. (臨海祥生弘景房地產開發有限公司)	Linhai Zhongsheng Real Estate Development Co., Ltd. (臨海市中晟房地產開發有限公司)	26.99%
Hangzhou Yilei Enterprise Management Co., Ltd. (杭州伊磊企業管理有限公司)	Shanghai Churan Real Estate Co., Ltd. (上海觸冉置業有限公司)	49%
Quzhou Shinsun Hongjing Real Estate Development Co., Ltd. (衢州祥生弘景房地產開發有限公司)	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Quzhou Shinsun Hongyuan Real Estate Development Co., Ltd. (衢州祥生弘遠房地產開發有限公司)	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Quzhou Shinsun Real Estate Development Co., Ltd. (衢州祥生房地產開發有限公司)	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Shanghai Yuanyu Real Estate Co., Ltd. (上海元宇置業有限公司)	Shanghai Rundan Real Estate Co., Ltd. (上海潤丹置業有限公司)	32.2%
Shanghai Runyi Real Estate Co., Ltd. (上海潤頤置業有限公司)	Shanghai Rundan Real Estate Co., Ltd. (上海潤丹置業有限公司)	32.2%
Shanghai Xiangxin Real Estate Co., Ltd. (上海祥信置業有限公司)	Shanghai Rundan Real Estate Co., Ltd. (上海潤丹置業有限公司)	32.2%
Shanghai Jubo	Shanghai Julian Investment Co., Ltd. (上海聚聯投資有限公司)	17.5%
Dongtai Shinsun Hongjing Real Estate Development Co., Ltd. (東台市祥生弘景房地產開發有限公司)	Lanhang (Hainan) Health Industry Investment Management Co., Ltd. (覽航(海南)健康產業投資管理有限公司)	49%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Taixing Xiangrui	Zhuji Jiuku Investment Co., Ltd. (諸暨市九庫投資有限公司)	30%
Taixing Xiangyun Real Estate Co., Ltd. (泰興祥雲置業有限公司)	Zhejiang Zhuji Hejia Investment Development Co., Ltd. (浙江諸暨禾嘉投資發展有限公司)	27%
Jinan Xiangyue Real Estate Co., Ltd. (濟南祥越置業有限公司)	Zhao Hongwei (趙紅衛) Zhejiang Lankun Decoration Construction Co., Ltd. (浙江藍坤裝飾工程有限公司)	18% 39%
	Zhuji Qingfeng Building Materials Co., Ltd. (諸暨市慶峰建材有限公司)	10%
Hubei Kaixiang Real Estate Development Co., Ltd. (湖北凱祥房地產開發有限公司)	Bian Weisong (邊偉松)	20%
Zhuji Wanyu Real Estate Development Co., Ltd. (諸暨市萬裕房地產開發有限公司)	Zhuji Zhongshuo Construction Co., Ltd. (諸暨市中碩建設有限公司)	30%
Tianchang Xiangrui Real Estate Development Co., Ltd. (天長市祥瑞房地產開發有限公司)	Tianchang Antai Real Estate Management Co., Ltd. (天長市安泰置業管理有限公司)	49%
Lianyungang Shinsun Lianbao Real Estate Development Co., Ltd. (連雲港祥生連報房地產開發有限公司)	Lianyungang Lianbao Culture Media Co., Ltd. (連雲港連報文化傳媒有限公司)	10%
Jinan Xiangshun Real Estate Co., Ltd. (濟南祥順置業有限公司)	Zhuji Fengying Building Materials Co., Ltd. (諸暨市豐盈建材有限公司)	37%
Hangzhou Xiangyi Apartment Management Co., Ltd. (杭州祥義公寓管理有限公司)	Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司)	50%
Liaoning Shinsun Yuedu Real Estate Co., Ltd. (遼寧祥生越都置業有限公司)	Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司)	49%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Xiuyan Xiangyue Real Estate Development Co., Ltd. (岫岩祥越房地產開發有限公司)	Zhejiang Zhuji Yuedu Trading Co., Ltd. (浙江諸暨越都貿易有限公司)	49%
Jinan Shinsun Real Estate Co., Ltd. (濟南祥生置業有限公司)	Zhejiang Lankun Decoration Construction Co., Ltd. (浙江藍坤裝飾工程有限公司)	12.8%
Hangzhou Bomeng Enterprise Management Consulting Co., Ltd. (杭州博盟企業管理諮詢有限公司)	Zhongrong International Trust Co., Ltd. (中融國際信託有限公司)	80%
Shandong Shinsun Tourism Culture Development Co., Ltd. (山東祥生文化旅遊發展有限公司)	Zoucheng Limin Development Co., Ltd. (鄒城市利民建設發展有限公司)	10%
Shaoxing Shinsun Hongrui Real Estate Development Co., Ltd. (紹興祥生弘瑞房地產開發有限公司)	Zhelv Zhanjing Real Estate Co., Ltd. (浙旅湛景置業有限公司)	20%
Shaoxing Shinsun Jiyue Real Estate Co., Ltd. (紹興祥生暨越置業有限公司)	Zhuji Jiyue Trading Co., Ltd. (諸暨暨越貿易有限公司)	25%
Hangzhou Dongyang Enterprise Management Co., Ltd. (杭州東陽企業管理有限公司)	Jiaxing Dingxin Zhiying Equity Investment Management Co., Ltd. (嘉興鼎信智贏股權投資管理有限公司)	75%
Hangzhou Yaoyang Enterprise Management Co., Ltd. (杭州耀揚企業管理有限公司)	Zhuji Yangxiang Enterprise Management Consulting Partnership (LP) (諸暨市揚祥企業管理諮詢合夥企業(有限合夥))	99.99%
Hangzhou Tengyang Enterprise Management Co., Ltd. (杭州騰揚企業管理有限公司)	Jiangsu Xiangyang Enterprise Management Co., Ltd. (江蘇祥揚企業管理有限公司)	49%
Hangzhou Xingyang Enterprise Management Co., Ltd. (杭州星揚企業管理有限公司)	Jiangsu Xiangyang Enterprise Management Co., Ltd. (江蘇祥揚企業管理有限公司)	49%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Hangzhou Zhaolang Investment Management Co., Ltd. (杭州兆朗投資管理有限公司)	Shanghai Fengheng Enterprise Management Partnership (LP) (上海楓恒企業管理合夥企業(有限合 夥))	52%
	Hangzhou Anmao Investment Management Partnership (LP) 杭州桉茂投資管理合夥企業(有限合 夥)	28%
Hangzhou Aolang Enterprise Management Co., Ltd. (杭州奧朗企業管理有限公司)	Qingdao Dingsheng Jiaao Enterprise Management Service Partnership (LP) (青島鼎盛嘉奧企業管理服務合夥企業 (有限合夥))	43.24%
Hangzhou Hongqi Enterprise Management Consulting Co., Ltd. (杭州宏祺企業管理諮詢有限 公司)	Jiaxing Zhenwan Investment Partnership (LP) (嘉興楨萬投資合夥企業(有限合夥))	49%
Ma'anshan Shinsun Real Estate Development Co., Ltd. (馬鞍山祥生房地產開發有限 公司)	Zhejiang Zhongxing Investment Co., Ltd. (浙江中興投資有限公司)	49%
Hangzhou Jihe Enterprise Management Consulting Co., Ltd. (杭州暨和企業管理諮詢有限 公司)	Qingdao Dingsheng Jiaao Enterprise Management Service Partnership (LP) (青島鼎盛嘉奧企業管理服務合夥企業 (有限合夥))	49%
Hangzhou Jishan Enterprise Management Co., Ltd. (杭州暨山企業管理有限公司)	Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司)	49%
Hangzhou Runshi Enterprise Management Consulting Co., Ltd. (杭州潤仕企業管理諮詢有限 公司)	Wenzhou Hongfei Real Estate Development Co., Ltd. (溫州市弘飛房地產開發有限公司)	49%
Linhai Ziyuan Yintong Real Estate Co., Ltd. (臨海紫元銀通置業有限公司)	Linhai Zhongsheng Real Estate Development Co., Ltd. (臨海市中晟房地產開發有限公司)	31.5%
	Hangzhou The Second Construction Co., Ltd. (杭州二建建設有限公司)	10%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Wenzhou Shinsun Guangou Real Estate Co., Ltd. (溫州祥生廣甌置業有限公司)	Wenzhou Hengsen Industrial Development Management Center (LP) (溫州恒森實業發展管理中心(有限合 夥))	30%
Tianchang Xiangchang Real Estate Development Co., Ltd. (天長市祥昌房地產開發有限 公司)	Shanghai Changluo Enterprise Development Co., Ltd. (上海昌潔企業發展有限公司)	40%
Tianchang Shinsun Changjian Information Technology Co., Ltd. (天長市祥生昌建資訊科技有 限公司)	Zhengzhou Changgang Property Development Co., Ltd. (鄭州昌港房地產開發有限公司)	40%
Dingyuan Shinsun Hongjing Real Estate Development Co., Ltd. (定遠縣祥生弘景房地產開發 有限公司)	Nanjing Gaochun District Country Garden Real Estate Development Co., Ltd. (南京市高淳區碧桂園房地產開發有 限公司)	49%
Suqian Xiangyue Real Estate Development Co., Ltd. (宿遷祥越房地產開發有限公 司)	Suqian Jining Enterprise Management Consulting Co., Ltd. (宿遷暨寧企業管理諮詢有限公司)	24.5%
	Suqian Jixiang Enterprise Management Consulting Co., Ltd. (宿遷暨祥企業管理諮詢有限公司)	24.5%
Guangde Xiangyuan Real Estate Development Co., Ltd. (廣德祥遠房地產開發有限公 司)	Wuhu Jinzhi Real Estate Development Co., Ltd. (蕪湖晉智房地產開發有限公司)	49%
Hefei Xiangwan Real Estate Co., Ltd. (合肥祥皖置業有限公司)	Hefei Xiangzhan Enterprise Management Consulting Co., Ltd. (合肥祥展企業管理諮詢有限公司)	49%
Fuzhou Shinsun Construction Development Co., Ltd. (撫州祥生建設發展有限公司)	Jiangxi Jintai Enterprise Management Co., Ltd. (江西金泰企業管理有限公司)	22.5%
	Hangzhou Fuyang Fuchuang Trading Co., Ltd. (杭州富陽富創貿易有限公司)	15%

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Nanchang Lvtou Jingxiang Enterprise Management Center (LP) (南昌市旅投景祥企業管理中 心(有限合夥))	Jiangxi Nanlv Investment Group Co., Ltd. (江西南旅投資集團有限公司)	98.485%
Nanchang Xianghe Real Estate Development Co., Ltd. (南昌祥合房地產開發有限公 司)	Nanchang Binchang Enterprise Management Co., Ltd. (南昌濱昌企業管理有限公司)	49%
Hohhot Xiang'an Real Estate Development Co., Ltd. (呼和浩特祥安房地產開發有 限公司)	Zhongrong International Trust Co., Ltd. (中融國際信託有限公司)	49%
Huhehaote Xiangbo Real Estate Development Co., Ltd. (呼和浩特祥博房地產開發有 限公司)	Zhongrong International Trust Co., Ltd. (中融國際信託有限公司)	49%
Huhehaote Xiangyuan Real Estate Development Co., Ltd. (呼和浩特祥遠房地產開發有 限公司)	Zhongrong International Trust Co., Ltd. (中融國際信託有限公司)	49%

3. Agency fees or commissions received

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

4. Disclaimers

Save as disclosed in this Prospectus:

- (a) none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are listed;
- (b) none of our Directors or experts referred to under “— E. Other information — 8. Qualifications of experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this Prospectus been 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) none of our 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;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and
- (f) so far as is known to our Directors as of the Latest Practicable Date, save as disclosed in “Business — Suppliers and Customers — Suppliers” of this Prospectus, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on October 20, 2020.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate is 300,000,000 Shares, being 10% of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular to be issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company to our Shareholders contain the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the offer document which state), among others:

- a. the Eligible Participant's name, address and occupation;

- b. the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- c. the date upon which an offer for an option must be accepted;
- d. the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- e. the number of Shares in respect of which the option is offered;
- f. the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;
- g. the date of the expiry of the option as may be determined by the Board;
- h. the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- i. such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with Share Option Scheme and the Listing Rules.

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Any grant of options to a director, chief executive or substantial shareholder of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director (or any of their respective associates (as defined in the Listing Rules)) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue in the date of offer of the option; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares as stated in the daily quotation sheets of the Stock Exchange on the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options shall not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options shall be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results announcement for such year, half year, quarterly or interim period (as the case may be),

and where an option is granted to a Director notwithstanding the above:

- (i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

An option and an offer to grant an option shall be personal to the grantee and shall not be transferrable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him/her or any offer relating to the grant of an option made to him/her or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after the Listing Date. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company and/or any of our subsidiaries:

- (i) by any reason other than death or termination of his/her employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation (which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not); or
- (ii) by reason of death, his/her personal representative(s) may exercise the option within in full (to the extent as exercised) within a period of 12 months (or such longer period as the Board may determine) from the date of death.

(m) Rights on dismissal

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of our Group (if so determined by the Board), or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, or on any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and

is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by the Company.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options shall be subject to the provision of the Article of Association and will carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of our subsidiaries or the termination of his/her employment or contract on any one or more of the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or

- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Condition of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Share Option Scheme;

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver(s) of any such condition(s) by the Joint Representatives (on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iv) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from October 20, 2020:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 300,000,000 Shares in total.

E. OTHER INFORMATION**1. Tax and other indemnities**

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which may be incurred by any member of our Company on or before the Listing Date; (ii) other taxation which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date; (iii) any claims, penalties or other indebtedness which may arise after the Listing Date resulting from the non-compliance incidents as disclosed in “Business — Legal Proceedings and Compliance — Compliance with Laws and Regulations — Non-compliance Incidents”; (iv) any costs, expenses, claims or other indebtedness which may be suffered or incurred by our Group after the Listing Date in connection with the legal proceedings disclosed in “Business — Legal Proceedings and Compliance — Legal Proceedings”, save (a) to the extent that sufficient provision or reserve has been made for such taxation, legal proceeding or non-compliance incident in the audited combined financial statements of our Group as set out in Appendix I; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date without the prior written consent or agreement of our Controlling Shareholders, unless such act or omission is conducted or agreed upon in the ordinary course of business of our Group or under a legally binding obligation created on or before the Listing Date; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$1 million for acting as the sponsors for the Listing.

The Joint Sponsors have made an application on our Company’s behalf to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this Prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses incurred and paid by our Company relating to the incorporation of our Company were approximately RMB25,000.

5. No material adverse change

Saved as disclosed in this Prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since April 30, 2020 (being the date on which the latest audited combined financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

7. Taxation of holders of Shares***(a) Hong Kong***

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this Prospectus:

Name	Qualifications
CCB International Capital Limited	A licensed corporation under the SFO to conduct Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) regulated activities (as defined under the SFO)
ABCI Capital Limited	A licensed corporation under the SFO to conduct Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) regulated activities (as defined under the SFO)
Ernst & Young	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Legal advisors to our Company as to PRC laws
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry Consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property Valuer
SHINEWING Risk Services Limited	Internal Control Consultant

9. Consents of experts

Each of the experts named in “— 8. Qualifications of experts” above has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

10. Interests of experts in our Company

None of the persons named in “— 8. Qualifications of experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

11. Binding effect

This Prospectus shall have the effect, in an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

- (a) Within the two years immediately preceding the date of this Prospectus:
 - (i) save as disclosed in “History, Reorganization and Corporate Structure” in this Prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;
- (b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus;

- (d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Directors have been advised that under Cayman Islands Companies Law the use of a Chinese name by our Company in conjunction with its English name does not contravene the Cayman Islands Companies Law;
- (g) our Company has no outstanding convertible debt securities or debentures; and
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

13. Bilingual prospectus

The English language and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and Chinese language version of this Prospectus, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in “Statutory and general information — E. Other Information — 9. Consents of experts” in Appendix V to this Prospectus; and (c) a copy of each of the material contracts referred to in “Statutory and general information — B. Further information about our business — 1. Summary of material contracts” in Appendix V to this Prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this Prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this Prospectus;
- (c) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this Prospectus;
- (d) the audited combined financial statements of our Group for the three financial years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020;
- (e) the letter and summary disclosure of property valuation relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III to this Prospectus;
- (f) the legal opinions dated the prospectus date issued by Commerce & Finance Law Offices, our legal advisors as to PRC law, in respect of certain aspects, general corporate matters and property interests of our Group;
- (g) the letter of advice dated the prospectus date issued by Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this Prospectus;
- (h) the industry report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;

- (i) the review report issued by SHINEWING Risk Services Limited in connection with the internal control measures regarding the pre-sale proceeds of our Group;
- (j) the Cayman Islands Companies Law;
- (k) copies of the material contracts referred to in “Statutory and General Information — B. Further information about our business — 1. Summary of material contracts” in Appendix V to this Prospectus;
- (l) the service agreements and letters of appointment entered into between our Company and each of the Directors (as applicable);
- (m) the rules of the Share Option Scheme; and
- (n) the written consents referred to in “Statutory and General Information — E. Other information — 9. Consents of experts” in Appendix V to this Prospectus.

SHINSUN 祥生