
CONNECTED TRANSACTIONS

We [have entered] into certain agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon [REDACTED].

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS AND EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Property Management Services

On [●], our Company entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Anhui Sanxun Properties Management Co., Ltd. (安徽三巽物業管理有限公司) ("**Sanxun Properties Management**"), pursuant to which our Company may (for ourselves and on behalf of our subsidiaries) engage Sanxun Properties Management for the provision of property management services, including (i) property management services for unsold properties, car parking lots and properties owned by us; and (ii) on-site security, cleaning, greening, as well as customer services to property sale offices (the "**Property Management Services**"), for a term commencing from the [REDACTED] until December 31, 2023. We started to engage Sanxun Properties Management to provide such services in 2017 for our property development projects. For the years ended December 31, 2018, 2019 and 2020, the total service fees payable by our Group to Sanxun Properties Management for the Property Management Services amounted to approximately RMB1.3 million, RMB4.2 million and RMB6.2 million, respectively.

The service fees to be charged for the Property Management Services shall be determined after arm's length negotiations taking into account the GFA of the relevant property development projects, the locations of the projects, the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or the service fees charged by Independent Third Parties.

Our Directors estimate that the maximum service fees under the Property Management Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB7.5 million, RMB8.1 million and RMB8.5 million, respectively. Such estimate is based on (i) the current number of property development projects for which we have engaged Sanxun Properties Management to provide the Property Management Services; (ii) the historical transaction amounts during the Track Record Period; and (iii) the projected new property development projects for which we may engage Sanxun Properties Management for the provision of the Property Management Services for the three years ending December 31, 2023.

CONNECTED TRANSACTIONS

The increase in the expected service fees to be paid by us to Sanxun Properties Management for the three years ending December 31, 2023 is mainly attributable to:

- a higher demand for on-site securities, cleaning, greening and customer services in respect of the planned number of property projects for the years ending December 31, 2021, 2022 and 2023, as well as an estimate of three, ten and eight new property projects to be delivered by our Group for the years ending December 31, 2021, 2022 and 2023, respectively, for which we will engage Sanxun Properties Management for the provision of on-site management services. The corresponding service fees payable to Sanxun Properties Management is expected to increase by approximately 18% for the year 2021 as compared to that of the year 2020, approximately 7% for the year 2022 as compared to that of the year 2021 and approximately 6% for the year 2023 as compared to that of the year 2022, respectively;
- the estimated fees for on-site management services, which are determined with reference to the historical fees charged by Sanxun Properties Management during the Track Record Period. We estimate that based on the types of projects and anticipated operational costs involved, such fees for on-site management services will remain similar in the three years ending December 31, 2023 of approximately RMB800,000 per project on average, depending on the types of projects and anticipated operational costs involved; and
- to a lesser extent, the expected GFA of unsold residential properties and commercial properties for the years ending December 31, 2021, 2022 and 2023, respectively, together with a small number of carparks, for which we will engage Sanxun Properties Management for the provision of property management services. The GFA of properties available for management by Sanxun Properties Management in the determination of the annual caps has been estimated with reference to the delivery plans of our existing property projects and will diminish once the properties are sold and delivered to the buyers.

The Property Management Services Framework Agreement is a framework agreement which provides for the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be required to be entered into between our Group and Sanxun Properties Management. Each individual service contract will set out the scope of the Property Management Services to be provided by Sanxun Properties Management to our Group, the service fees payable by our Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Property Management Services Framework Agreement.

CONNECTED TRANSACTIONS

Sanxun Properties Management is owned as to 95% by Anhui Sanxun Investment and as to 5% by Ms. An, our executive Director and the spouse of Mr. Qian. Anhui Sanxun Investment is owned as to 84% by Mr. Qian, our executive Director, as to 8% by Ms. An, and as to 8% by Mr. Qian Bing, the father of Mr. Qian. As such, Sanxun Properties Management is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As one or more of the applicable percentage ratios (other than the profits ratio) for the Property Management Services Framework Agreement is expected to be over 0.1% but all the applicable percentage ratios are less than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Landscape Architecture Services

On [●], our Company entered into a landscape architecture services framework agreement (the "**Landscape Architecture Services Framework Agreement**") with Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司) ("**Anhui Qiaoyi**"), pursuant to which our Company may (for ourselves and on behalf of our subsidiaries) engage Anhui Qiaoyi for the provision of landscape architecture services for our property development projects, including landscape design and planning, construction, gardening and maintenance (the "**Landscape Architecture Services**"), for a term commencing from the [REDACTED] until December 31, 2023. For the years ended December 31, 2018, 2019 and 2020, the service fees payable by our Group to Anhui Qiaoyi for the Landscape Architecture Services amounted to approximately RMB21.3 million, RMB74.9 million and RMB78.7 million, respectively.

The service fees to be charged for the Landscape Architecture Services shall be determined after arm's length negotiations taking into account the total area covered by the Landscape Architecture Services, the locations of the projects, the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees charged by third parties for similar services and similar type of projects in the market. The service fees shall not be higher than those to be charged by Independent Third Parties.

Our Directors estimate that the maximum service fees under the Landscape Architecture Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB103.9 million, RMB119.6 million and RMB131.3 million, respectively. Such estimate is based on (i) the current number of property development projects for which we have engaged Anhui Qiaoyi to provide the Landscape Architecture Services; (ii) the historical transaction amounts during the Track Record Period; and (iii) the projected new property development projects for which we may engage Anhui Qiaoyi for the provision of the Landscape Architecture Services for the three years ending December 31, 2023.

CONNECTED TRANSACTIONS

The increase in the expected service fees to be paid by us to Anhui Qiaoyi for the three years ending December 31, 2022 is mainly attributable to:

- the increase in the number of new properties which we expect to engage Anhui Qiaoyi for the provision of the Landscape Architecture Services, comprising ten, eight and nine property projects of various size and scale for the years ending December 31, 2021, 2022 and 2023, respectively, as determined based on our delivery schedule and taking into account the business expansion plan of our Group. The expected GFA of properties requiring Landscape Architecture Services is derived from the net GFA of properties under construction after taking into consideration the density of properties per project site, which is expected to be approximately 240,000 sq.m., 238,000 sq.m. and 248,000 sq.m. for the years ending December 31, 2021, 2022 and 2023, respectively; and
- the estimated fees for the Landscape Architecture Services, which is expected to increase by approximately 8% for the year 2021 as compared to that of the year 2020, approximately 11% for the year 2022 as compared to that of the year 2021, and approximately 5% for the year 2023 as compared to that of the year 2022, respectively. Such increment has been estimated with reference to the historical transaction amounts for similar types of services during the Track Record Period, having regards to the mixed size, scale, character and location of the property projects expected to be launched according to our business plan for the years ending December 31, 2021, 2022 and 2023.

The Landscape Architecture Services Framework Agreement is a framework agreement which provides for the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be required to be entered into between our Group and Anhui Qiaoyi. Each individual service contract will set out the scope of the Landscape Architecture Services to be provided by Anhui Qiaoyi to our Group, the service fees payable by our Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Landscape Architecture Services Framework Agreement.

Anhui Qiaoyi is held as to 60% by Mr. Lu Zhen (路震) and as to 40% by Ms. Shi Xiaoli (石曉麗), on trust for the benefit of Mr. Qian. As confirmed by Mr. Qian, such trust arrangement had been entered into due to his lack of time in managing the business and affairs of Anhui Qiaoyi. As such, the legal title of Anhui Qiaoyi was entrusted to Mr. Lu Zhen and Ms. Shi Xiaoli with a view to delegating to them the daily management authorities of Anhui Qiaoyi. As such, Anhui Qiaoyi is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Landscape Architecture Services Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

CONNECTED TRANSACTIONS

As one or more of the applicable percentage ratios (other than the profits ratio) for the Landscape Architecture Services Framework Agreement is expected to be over 0.1% but all the applicable percentage ratios are less than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

WAIVERS

The transactions described under "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section, subject to the condition that the aggregate value of such continuing connected transactions for each of the three years ending December 31, 2023 shall not exceed the relevant annual amounts stated above.

Should there be any material changes to the terms thereunder, or should there be any other agreements to be entered into between our Group and the connected persons of our Company, or upon expiry of such waivers, we will comply with the applicable requirements under the Listing Rules and may apply for relevant waivers (where applicable). The above continuing connected transactions will be carried out in compliance with the requirements of the Listing Rules and the Company shall comply with the relevant requirements for connected transactions in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described under "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section have been and shall be entered into: (i) in the ordinary and usual course of our business; and (ii) on normal commercial terms or better that are fair and reasonable, and in the interests of our Shareholders as a whole, and the annual caps thereof are fair and reasonable and in the interest of our Shareholders as a whole.

CONNECTED TRANSACTIONS

Save as disclosed in this section, our Directors currently do not expect that immediately following the [REDACTED], there will be any other transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view that all the continuing connected transactions described under "—Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms or better, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for the transactions referred to in this section are fair and reasonable, and in the interest of the Shareholders as a whole.