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Post Hearing Information Pack of

Leading Holdings Group Limited

領地控股集團有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

WARNING

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Leading Holdings Group Limited 領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED] and the [REDACTED] [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED] Share, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : HK\$0.01 per Share
[REDACTED] : [REDACTED]

Sole Sponsor



[REDACTED]

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A copy of this document, having attached thereto the documents specified in “Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection”, 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 document or any of the other documents referred to above.

The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the Hong Kong [REDACTED]) and the Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] and, in any event, no later than [REDACTED]. The [REDACTED] will be no more than HK\$[REDACTED] per [REDACTED] and is currently expected to be no less than HK\$[REDACTED] per [REDACTED] unless otherwise announced. Investors applying for [REDACTED] must pay, on application, the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED], unless otherwise announced, together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the [REDACTED] is less than HK\$[REDACTED] per [REDACTED].

The [REDACTED] (for itself and on behalf of the Hong Kong [REDACTED]) may, with the consent of the Company, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the Stock Exchange’s website at www.hkexnews.hk and on the Company’s website at www.leading-group.com no later than the morning of the day which is the last day for lodging applications under the Hong Kong [REDACTED]. Further details are set out in “Structure of the [REDACTED]” and “How to Apply for [REDACTED].” If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (on behalf of the Hong Kong [REDACTED]) and the Company on or before [REDACTED], the [REDACTED] will not proceed and will lapse. See “[REDACTED]”

The [REDACTED] 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 and in accordance with any applicable U.S. state securities laws. The [REDACTED] are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Share certificates issued in respect of the Hong Kong [REDACTED] will only become valid at 8:00 a.m. on [REDACTED], provided that the [REDACTED] has become unconditional in all respects (including the [REDACTED] not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on [REDACTED].

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[REDACTED]

[REDACTED]

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This document is issued by Leading Holdings Group Limited solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the [REDACTED] offered by this document pursuant to the [REDACTED]. This document 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 [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering of the [REDACTED] 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.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a property developer with a leading market position among the Sichuan-based property developers and a nationwide presence. We were recognized as one of the “Best 100 of China Real Estate Developers (中國房地產開發企業100強)” in 2020 in terms of comprehensive capabilities according to China Real Estate Industry Association (中國房地產協會). In addition, we were recognized as one of the “China TOP 100 Real Estate Developers (中國房地產百強企業)” for four consecutive years starting from 2017 in terms of comprehensive capabilities, and ranked the 72nd in 2020, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Among the six Sichuan-based property developers included in the “China TOP 100 Real Estate Developers (中國房地產百強企業)” in 2020, we ranked the third. We were also among the “TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)” in terms of brand value for three consecutive years starting from 2017, and ranked the fourth, the second and the second in 2017, 2018 and 2019, respectively, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Over the past 20 years, we have established our nationwide presence focusing on Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區) and Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), with projects located in more than 20 cities in China.

We primarily focus on providing quality residential properties to home upgraders. In addition to residential properties, we also develop commercial properties, including office buildings, shopping blocks, commercial complexes and apartments, and operate hotels. We have developed a diversified product portfolio of 11 series as of September 30, 2020, namely: Landmark series (中心系), which offers premium commercial properties typically located in the central business area of provincial capitals or sub-provincial cities, Guan series (觀字系) typically located on scenic sites, Lan series (蘭字系) and Tian series (天字系), both of which offer premium residential properties, Kaixuan series (凱旋系), typically located in locations which are expected to become city centers in the near future, Cultural series (文旅系), which offers vacation homes located on scenic sites, Yue series (悅字系), which offers modern designs to cater to young property purchasers who wish to upgrade their living environment, Commerce series (商業系), which features thematic commercial streets, pedestrian zones and catering places, Condo series (公寓系), which features smart home systems and housekeeping services, Industry series (產城系), which features a community developed by us typically involving office buildings, shopping malls, healthcare facilities, urban parks and K12 international school(s), and Harmony series (特色小鎮) which offer historical and cultural resort(s) located in ancient towns. In addition, we also developed Haina series (海納系) during the Track Record Period, but we have updated our product series and do not plan to develop new property projects under the Haina series going forward. Our product design capabilities have brought us various awards. Our Chengdu International Finance Center (成都環球金融中心) was awarded “China

SUMMARY

Construction Engineering Luban Prize(National Prime-quality Project) (中國建設工程魯班獎(國家優質工程))” in 2019. Our Meishan Leading Kaixuan Landscape (眉山領地凱旋地景), which belongs to our Kaixuan series and was completed in December 2008, was awarded China Architecture Engineering Zhantianyou Excellent Residential Community Gold Award (中國土木工程詹天佑優秀住宅小區金獎)” in 2011.

We adopt flexible acquisition methods to maintain a sustainable land reserve. Our land parcels are typically located in city centers, or areas which are expected to become city centers in the near future. As of September 30, 2020, the total land bank attributable to us was 16,567,700 sq.m., including saleable GFA unsold and GFA sold but not yet delivered attributable to us of 613,677 sq.m., properties under development with an aggregate planned GFA attributable to us of 9,596,373 sq.m., and properties held for future development with an aggregate estimated GFA attributable to us of 6,357,650 sq.m.

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, our revenue amounted to RMB5,338.6 million, RMB4,513.9 million, RMB7,568.2 million, RMB1,077.5 million and RMB3,027.8 million, respectively. Our net profit amounted to RMB649.0 million, RMB517.7 million, RMB672.3 million and RMB166.1 million for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. We recorded net loss of RMB9.3 million for the five months ended May 31, 2019, primarily because the revenue we recorded was not enough to cover costs and expenses we incurred in this period due to the delivery schedule. Due to the nature of the property development business, there is typically an extended lead time between the commencement of the property development and revenue recognition. We recorded net profit for the entire year of 2019.

OUR BUSINESS

We primarily focus on the development and sale of residential and commercial properties. In addition, we hold a portion of commercial properties developed by us for further investment purpose and are engaged in hotel management business. We also provide project management services, which contributed a small portion of our revenue for the years ended December 31, 2018 and 2019 and the five months ended May 31, 2019 and 2020. The following table sets forth the breakdown of our revenue by business line during the periods indicated:

	Year ended December 31,						Five months ended May 31,					
	2017		2018		2019		2019		2020			
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
							(Unaudited)					
Sale of properties	5,304,782	99.4	4,454,504	98.7	7,452,435	98.5	1,030,587	95.7	2,984,811	98.6		
Commercial property operations . .	28,519	0.5	51,417	1.1	70,876	0.9	30,287	2.8	29,157	0.1		
Hotel operations	5,328	0.1	6,239	0.1	37,102	0.5	10,827	1.0	9,058	0.3		
Project management	—	—	1,743	0.1	7,751	0.1	5,755	0.5	4,808	0.1		
Total	5,338,629	100.0	4,513,903	100.0	7,568,164	100.0	1,077,456	100.0	3,027,834	100.0		

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Property Development Projects

As of September 30, 2020, we had 107 property development projects at various stages of development, with 89 projects by our subsidiaries and 18 projects by our joint ventures and associates. The following table sets forth the GFA breakdown of our property portfolio as of September 30, 2020 by cities:

City	Project	Completed		GFA under development (sq.m.)	Planned GFA for future development (sq.m.)	Land bank ⁽¹⁾ (sq.m.)	Percentage of total land bank (%)
		Saleable GFA unsold (sq.m.)	GFA sold but not yet delivered (sq.m.)				
Projects by our subsidiaries							
Changchun	2	1,357	6,028	—	—	7,385	0.04%
Chengdu	13	51,841	900	935,789	642,535	1,631,065	9.84%
Chengde	3	436	9,317	114,413	124,183	248,350	1.50%
Chongqing	1	—	—	85,761	—	85,761	0.52%
Dujiangyan	1	—	—	116,231	121,842	238,072	1.44%
Foshan	5	10,501	3,550	—	—	14,051	0.08%
Guangyuan	1	—	—	—	554,895	554,895	3.35%
Huizhou	1	—	—	268,624	—	268,624	1.62%
Jingzhou	2	—	—	396,363	—	396,363	2.39%
Kaili	1	—	—	209,730	732,432	942,161	5.69%
Korla	2	23,926	5,862	254,974	—	284,763	1.72%
Leshan	8	40,447	57,940	408,332	—	506,718	3.06%
Luohe	1	—	—	—	335,603	335,603	2.03%
Luzhou	1	—	—	180,443	—	180,443	1.09%
Meishan	8	76,764	5,762	1,077,279	—	1,159,805	7.00%
Mianyang	4	16,047	124,100	374,089	829,342	1,343,578	8.11%
Nanchong	3	—	—	619,003	—	619,003	3.74%
Panzhihua	2	—	—	545,866	—	545,866	3.29%
Shanwei	1	26,378	64,243	110,936	—	201,557	1.22%
Shangqiu	1	—	—	91,425	102,424	193,849	1.17%
Suining	1	—	—	—	124,436	124,436	0.75%
Urumqi	4	—	—	496,679	282,284	778,963	4.70%
Xichang	8	20,256	4,207	629,468	260,814	914,744	5.52%
Xindu	1	2,415	—	416,619	163,462	582,496	3.52%
Xingyang	1	—	—	80,193	—	80,193	0.48%
Ya'an	6	22,983	4,525	492,134	—	519,643	3.14%
Yibin	1	—	—	147,894	297,407	445,301	2.69%
Zhumadian	5	—	—	404,444	1,136,790	1,541,234	9.30%
Zunyi	1	—	—	130,977	—	130,977	0.79%
Subtotal	89	293,351	286,434	8,587,666	5,708,448	14,875,899	89.79%
Projects by our joint ventures and associates ⁽²⁾							
Chengdu	2	2,142	—	183,333	161,456	346,931	2.09%
Jiangyou	1	—	—	57,447	59,010	116,458	0.70%
Leshan	6	—	—	416,940	216,293	633,233	3.82%
Shenzhen	1	—	—	—	67,053	67,053	0.40%
Xichang	1	—	—	49,860	19,624	69,484	0.42%
Xuzhou	3	8,988	797	173,603	—	183,388	1.11%
Ya'an	2	6,225	145	41,384	35,374	83,128	0.50%
Zhangjiajie	1	—	—	53,424	30,198	83,622	0.50%
Zhangjiakou	1	13,265	2,330	32,716	60,193	108,504	0.65%
Subtotal	18	30,620	3,272	1,008,707	649,202	1,691,801	10.21%
Total ⁽³⁾	107	323,971	289,706	9,596,373	6,357,650	16,567,700	100.00%

Notes:

- (1) Land bank equals to the sum of (i) saleable GFA unsold and the GFA sold but not yet delivered, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.

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- (2) For projects developed by our joint ventures and associates, total GFA is adjusted based on the proportion of our equity interest in project companies.
- (3) Total land bank did not include investment properties held by us with the aggregate GFA of 357,149 sq.m as of September 30, 2020.

Our Suppliers and Customers

Our major suppliers are construction material suppliers and construction contractors. During the Track Record Period, we selected suppliers through open tendering/bidding process conducted either by our project companies, or by our headquarters periodically pursuant to a partially-centralized approach we adopted starting from 2019. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, our five largest suppliers, primarily comprising construction contractors and each an Independent Third-Party, accounted for 77.8%, 64.3%, 59.8% and 50.0% of our total purchase, respectively, and our single largest supplier accounted for 32.4%, 54.1%, 51.6% and 37.4% of our total purchase during the same periods, respectively. The length of business relationship of our five largest suppliers with us ranges from one year to 10 years. See “Business—Suppliers and Customers—Suppliers.”

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, our five largest customers accounted for 19.6%, 22.2%, 2.0% and 0.9% of our total sales amount, respectively, and our single largest customer accounted for 11.3%, 15.3%, 0.8% and 0.3% of our revenue from sale of properties during the same periods, respectively. Our five largest customers during the Track Record Period were individual and corporate purchasers of our residential or commercial properties, all of whom were Independent Third Parties, except Changchun Baorui Enterprise Management Co., Ltd. (長春寶瑞企業管理有限公司). See “Business—Suppliers and Customers—Customers.”

OUR COMPETITIVE STRENGTHS

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

- a leading property developer from Sichuan province focusing on southwestern China with a nationwide presence and a premium brand;
- flexible land acquisitions to maintain a sustainable land reserve;
- a diversified product portfolio to cater to different customers’ needs;
- standardized procedures to maintain profitability, ensure product quality, and enhance customer loyalty; and
- experienced senior management team, dedicated employees and effective measures to structure our workforce.

OUR STRATEGIES

We will continue to focus on property development and aim to become one of the leading property developers in China. To achieve our goal, we intend to implement the following strategies:

- continue to increase our market share and expand into new markets;
- continue to implement our effective land acquisition strategies and optimize our land reserve in areas with growth potential;

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- further improve our product design and product mix to enhance the competitiveness of our products and our brand image;
- further enhance cost controls and optimize capital structure; and
- continue to attract, retain and motivate talents and build a productive workforce.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED] and the [REDACTED] without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme, our Ultimate Controlling Shareholders, namely Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, by virtue of the Acting in Concert Deed, will be entitled to exercise voting rights of [REDACTED]% of the total issued share capital of our Company through the investment holding companies controlled by them. Accordingly, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli and the investment holding companies controlled by them, namely Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan, will be a group of Controlling Shareholders upon [REDACTED].

Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders had agreed to, among other things, consult with each other and reach a unanimous consensus among themselves on all material management affairs, voting rights and/or commercial decisions of any member of our Group during the period when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management to the date when any one of them ceases to be our Controlling Shareholder. See “Relationship with Controlling Shareholders—Acting in Concert Deed.”

Save as disclosed in “Relationship with Controlling Shareholders,” as of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our business. To ensure that competition will not exist in the future, our Ultimate Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that they will not, and will procure their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in or interested in any business which may be in competition with our business. See “Relationship with Controlling Shareholders—Deed of Non-Competition.”

[REDACTED] INVESTMENT

Du Neng Holding made an investment in our Company for a total cash consideration of approximately RMB35.5 million, which was based on an independent valuation after arm’s length negotiations among the parties and was settled on November 25, 2019. The total cost of investment of Du Neng Holding under the [REDACTED] Investment represents a discount of approximately [REDACTED]% to the [REDACTED] per Share (based on the maximum price of HK\$[REDACTED] per [REDACTED]). Immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), Du Neng Holding will be interested in [REDACTED]% of the issued share capital of our Company. The Shares held by Du Neng Holding will be subject to lock-up for a period of six months after [REDACTED]. See “History, Reorganization and Corporate Structure—[REDACTED] Investment.”

SUMMARY

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement.” See “Connected Transactions.”

SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated financial information together with the accompanying notes, set forth in the Accountant’s Report included as Appendix I to this document, as well as the information set forth in “Financial Information.” Our financial information was prepared in accordance with IFRS.

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB’000)			(Unaudited)	
Revenue	5,338,629	4,513,903	7,568,164	1,077,456	3,027,834
Cost of sales	(4,266,146)	(2,903,916)	(5,465,778)	(741,459)	(2,052,713)
Gross profit	1,072,483	1,609,987	2,102,386	335,997	975,121
Profit before tax from continuing operations	1,072,787	965,235	1,127,965	51,664	412,973
Profit/(loss) for the year/period	648,953	517,691	672,313	(9,251)	166,127
Attributable to:					
Owners of the parent	613,860	420,886	544,825	(51,772)	184,582
Non-controlling interests	35,093	96,805	127,488	42,521	(18,455)

We experienced fluctuations in revenue during the Track Record Period, and recorded revenue of RMB5,338.6 million, RMB4,513.9 million, RMB7,568.2 million, RMB1,077.5 million and RMB3,027.8 million, respectively, in 2017, 2018, 2019 and the five months ended May 31, 2019 and 2020. For the same periods, we recorded gross profit margin of 20.1%, 35.7%, 27.8%, 31.2% and 32.2%, respectively. Our revenue fluctuated during the Track Record Period mainly due to the fluctuations in revenue from sale of properties, which was primarily the results of fluctuations in the aggregate GFA recognized in the pertinent period. During the Track Record Period, the fluctuation of our gross profit margin was primarily due to different profit margins of different individual projects, the mix of the properties we delivered and the comparatively low prices of the remaining properties at the late stage of the project sales due to their less attractive locations. In general, we had higher gross profit margins from commercial properties than from residential properties. Our net profit margin was 12.2%, 11.5%, 8.9% and 5.5% for 2017, 2018, 2019 and the five months ended May 31, 2020, respectively. We recorded a relatively lower net profit for 2018 compared to 2017 and 2019, primarily due to the fluctuations in the aggregate GFA recognized in the relevant periods as a result of the construction schedule. We completed construction of two projects, namely Chengdu Leading Center (成都領地中心) and a portion of Leshan International Mansion (樂山國際公館), in 2018. Among these, Leshan International Mansion only contributed 55,563 sq.m. of GFA recognized in 2018, leaving a major portion of its saleable GFA to be recognized in 2019;

SUMMARY

meanwhile, Chengdu Leading Center did not contribute any GFA recognized in 2018 but was held as an investment property. As a result, we only recognized an aggregate GFA recognized of 539,947 sq.m. in 2018, compared to 653,711 sq.m. in 2017 and 885,841 sq.m. in 2019. We recorded net loss of RMB9.3 million for the five months ended May 31, 2019. See “Financial Information.”

Summary Consolidated Statements of Financial Position

	As of December 31,			As of
	2017	2018	2019	May 31,
	(RMB'000)			2020
Total non-current assets	5,145,195	6,057,982	6,366,177	6,810,537
Total current assets	11,220,711	22,430,370	35,683,949	43,451,636
Total assets	16,365,906	28,488,352	42,050,126	50,262,173
Total current liabilities	8,647,451	17,240,087	29,280,706	33,187,220
Net current assets	2,573,260	5,087,078	6,403,243	10,264,416
Net assets	4,361,321	5,891,309	6,059,747	6,266,593
Equity attributable to owners of the parent	3,775,073	5,231,884	5,227,220	5,411,802
Equity attributable to non-controlling interests	586,248	659,425	832,527	854,791
Total equity	4,361,321	5,891,309	6,059,747	6,266,593

During the Track Record Period, we had met our working capital needs mainly from cash flow from operations, capital injection from shareholders, bank and other borrowings, including trust and other financing. Our net current assets, amounting to RMB2,573.3 million, RMB5,087.1 million, RMB6,403.2 million and RMB10,264.4 million as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively, generally increased during the Track Record Period primarily due to the increases in properties under development as a result of our continued expansion of our property development business, partially offset by the increases in our contract liabilities, which are consistent with our business expansion. See “Financial Information—Net Current Assets.”

Summary Consolidated Statements of Cash Flows

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Operating cash flow before changes in working capital	542,425	824,211	1,245,171	74,101	625,103
Changes in working capital	(137,266)	(3,664,416)	(2,500,350)	(282,992)	908,787
Interest received	6,421	17,297	26,151	17,453	4,550
Interest paid	(419,559)	(722,025)	(813,455)	(442,822)	(703,330)
Interest element of finance lease rental payments	412	589	593	177	276
Tax paid	(179,009)	(743,401)	(1,070,314)	(522,147)	(462,244)
Net cash flows generated from (used in) operating activities	(186,576)	(4,287,745)	(3,112,204)	(1,156,230)	373,142
Net cash flows generated from (used in) investing activities	(2,310,141)	(1,199,606)	(726,313)	16,192	(1,281,921)
Net cash flows generated from financing activities	2,863,661	5,593,735	4,402,956	1,374,740	2,938,524
Net increase in cash and cash equivalents	366,944	106,384	564,439	234,702	2,029,745
Cash and cash equivalents at beginning of year/period	343,875	710,819	817,203	817,203	1,381,642
Cash and cash equivalents at the end of year/period	710,819	817,203	1,381,642	1,051,905	3,411,387

SUMMARY

We had negative cash flows from operating activities for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019, primarily as a result of significant cash used in our operations due to the continued increase in property development activities and land acquisition efforts. We had positive cash flows from operating activities for the five months ended May 31, 2020. See “Risk Factors—Risks Relating to Our Business—We had negative operating cash flow in 2017, 2018 and 2019 and the five months ended May 31, 2019 and net loss for the five months ended May 31, 2019” and “Financial Information—Liquidity And Capital Resources—Net cash used in operating activities.” To achieve sufficient working capital and improve our net operating cash outflows position, we will continue to improve our cash inflow associated with our sales by enhancing our payment collection from customers and strengthening our cost control efforts. While we endeavor to deliver quality properties, we aim to commence pre-sales in an efficient manner, and manage our inventories and cash return more effectively. We have standardized our procedures to manage the full cycle of our project development activities in order to ensure the quality of our property projects and effectively control our costs. In addition, following our continuous expansion of property portfolio, we expect our saleable GFA will continue to increase, from which we expect to generate additional operating cash.

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated. See “Financial Information—Summary of Key Financial Ratios.”

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2017	2018	2019	2020
Current ratio (times) ⁽¹⁾	1.3	1.3	1.2	1.3
Net profit margin ⁽²⁾	12.2%	11.5%	8.9%	5.5%
Return on total assets ⁽³⁾	4.0%	1.8%	1.6%	0.8%
Return on equity ⁽⁴⁾	16.3%	8.0%	10.4%	8.2%
Net gearing ratio (times) ⁽⁵⁾	0.6	1.1	1.4	1.5
Interest coverage ratio (times) ⁽⁶⁾	2.7	1.5	0.9	0.7

Notes:

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.
- (2) Net profit margin is calculated based on our net profit for the year or period divided by our revenue for the year or period and multiplied by 100%.
- (3) Return on total assets ratio is calculated based on our net profit for the respective period (annualized) divided by the balance of our total assets as of the end of the respective period and multiplied by 100%.
- (4) Return on equity ratio is calculated based on our net profit attributable to the owners of the Company for the respective period (annualized) divided by the balance of equity attributable to owners of the parent as of the end of the respective period and multiplied by 100%.
- (5) Net gearing ratio equal to total borrowings (including interest-bearing bank and other borrowings) less cash and bank balances divided by total equity as of the end of the respective year or period.
- (6) Interest coverage ratio is calculated based on the sum of our profit for the year or period before income tax expenses, and our finance costs, divided by total interest on interest-bearing bank and other borrowings and lease liabilities and interest expense arising from revenue contracts which include capitalized interest for the respective year or period.

Our net profit margin, return on total assets and return on equity fluctuated during the Track Record Period mainly because our properties under development increased significantly during the same period, whereas a majority of such properties were not completed for deliveries to our customers. Accordingly, our total assets and expenses continued to increase while our revenue and net profit fluctuated during the Track Record Period.

Increase in our net gearing ratio generally corresponds to the increase in our bank and other borrowings, primarily in response to the financing demands arising from our business expansion.

SUMMARY

We recorded the interest coverage ratio below 1.0 times for the year ended December 31, 2019 and for the five months ended May 31, 2020. The decrease of our interest coverage ratio to the level below 1.0 times was primarily due to the increase in our bank and other borrowings, primarily in response to the financing demands arising from our business expansion. See “Risk Factors—Risks Relating to our Business—We recorded the interest coverage ratio below 1.0 times for the year ended December 31, 2019 and for the five months ended May 31, 2020.”

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 for the purpose of assessing the debt burden of property developers began to emerge. The proposed standard consists of caps on three ratios, namely (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%, (iii) the cash to short-term borrowing ratio (calculated as the cash and bank balances divided by the current portion of interest-bearing bank and other borrowings) shall not be lower than 1.0 times. The proposed standard stipulates that (i) for property developers which crossed none of the three limits, their size of interest-bearing liabilities shall not increase by more than 15.0% annually, (ii) for property developers which crossed only one of the three limits, their size of interest-bearing liabilities shall not increase by more than 10.0% annually, (iii) for property developers which crossed two of the three limits, their size of interest-bearing liabilities shall not increase by more than 5.0% annually, and (iv) for those property developers which crossed all of the three limits, their size of interest-bearing liabilities shall not increase at all.

As of December 31, 2017, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 64.0%, 59.4%, and 1.5 times, respectively. As of December 31, 2018, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 68.9%, 108.5%, and 0.5 times, respectively. As of December 31, 2019, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 77.3%, 141.6%, and 0.6 times, respectively. As of May 31, 2020, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 80.2%, 153.1%, and 1.1 times, respectively. As such, in the event that this proposed standard is implemented by the PBOC in the exact manner as reported in the news articles and there is no material change to our performance on the three ratio at the time of the proposed standard’s implementation as it was on December 31, 2017 and 2018 and May 31, 2020, we would cross none, two and two of the three limits, respectively, and would be permitted to increase our interest-bearing liabilities by no more than 15.0%, 5.0% and 5.0% annually, respectively, or as it was on December 31, 2019, we would cross all of the three limits and would not be permitted to increase our interest-bearing liabilities at all. For details, please refer to “Financial Information-Summary of Key Financial Ratios-Financial Ratios under the Proposed PBOC Standard.”

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [REDACTED] is completed and [REDACTED] Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] 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) [REDACTED] Shares are issued and outstanding upon completion of the [REDACTED].

SUMMARY

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market [REDACTED] of our Shares	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted net tangible asset value per Share ⁽¹⁾	[REDACTED]	[REDACTED]

Note:

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

DIVIDEND

We may distribute dividends by way of cash, stock or other means that we consider appropriate. Our Company has not declared dividends in the past. We currently do not have any fixed dividend policy or pre-determined rate. However, we may re-evaluate our dividend policy in the future and the amount dividends to be distributed to our Shareholders, if any, will depend on our earnings, financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. A decision to declare and pay any dividends would require the approval of the Shareholder’s meeting. In addition, the declaration and/or payment of dividends may be limited by legal restricted and/or by contracts or agreements that we may enter into in the future. See “Financial Information—Dividend and Distributable Reserves.”

[REDACTED]

We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] 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 [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range set forth on the cover page of this document). We intend to use such [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for financing our existing projects, including construction costs of property development projects, including: (i) Panzhuhua Leading Yangguang Huacheng (攀枝花領地陽光花城)⁽¹⁾; (ii) Urumqi Leading Tianyu (烏魯木齊領地 • 天嶼)⁽²⁾; (iii) Ya’an Lantai House Phase III (雅安蘭台府3期)⁽³⁾; (iv) Chengdu Tianfu Lantai (Jingyang) (成都天府蘭台 • 菁陽)⁽⁴⁾; (v) Mianyang Guanjiang House (綿陽觀江府)⁽⁵⁾, and (vi) Chengdu Leading Tianyu (成都領地天禦)⁽⁶⁾; see “Business—Our Business—Our Property Projects;”

Notes:

- (1) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.

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- (2) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- (3) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- (4) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2021. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- (5) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2023. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- (6) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for financing our future projects, including land acquisition costs;
 - approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for repayment of our existing interest-bearing borrowings for our project development, which are (i) the trust financing arrangement between a trust financing company and our subsidiary Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (綿陽鴻遠領悅房地產開發有限公司) in the amount of RMB700.0 million at an interest rate of 10.3% per annum, with a term of approximately three years commencing from December 10, 2019, and (ii) the bank loan extended by a commercial bank in China to our subsidiary, Xinjin Jingyang Investment Co., Ltd. (新津菁陽投資有限公司), in the amount of RMB350.0 million at an interest rate of 9.0% per annum, with a term of three years commencing from October 12, 2019; and
 - approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for general business operations and working capital.

See “Future Plans and [REDACTED] — [REDACTED].”

[REDACTED] EXPENSES

The [REDACTED] expenses in connection with the [REDACTED], consisting primarily of [REDACTED] and professional fees, are estimated to be approximately RMB[REDACTED], or [REDACTED]% of the estimated [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range and the [REDACTED] is not exercised). During the Track Record Period, we incurred [REDACTED] expenses of approximately [REDACTED], of which approximately [REDACTED], [REDACTED] and [REDACTED] was charged to our administrative expenses for the year ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. We currently expect to incur further expenses amount to [REDACTED] subsequent to the end of the Track Record Period, of which approximately [REDACTED] will be charged to administrative expenses. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2020.

SUMMARY

COMPETITIVE LANDSCAPE

The PRC real estate industry is highly fragmented and competitive. As a real estate developer in China, we primarily compete with other Chinese real estate developers and, to a lesser extent, foreign developers focusing on the development of residential properties in the PRC. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. Some of these competitors may have better track records, greater financial, human capital and other resource.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business remained stable after the Track Record Period and up to the date of this document as there were no material changes to our business models and the general economic and regulatory environment in which we operate.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had acquired eight land parcel with a total site area of approximately 670,156 sq.m. through auction for an aggregate consideration of approximately RMB3,840.4 million. Subsequent to the Track Record Period and up to the Latest Practicable Date, the contracted sales attributable to us were RMB12,081 million with respect to an aggregate GFA attributable to us of 1,423,290 sq.m. Contracted sales information should not be treated as an indication of the our revenue or profitability. Contracted sales to be delivered is not identical to revenue to be recognized. In addition, as of the Latest Practicable Date, we had approximately RMB1,975.0 million unutilized credit facilities granted by banks and other financial institutions. The net profit in the five months ended May 31, 2020 was mainly attributable to Meishan Kaixuan International Mansion (眉山凱旋國際公館), Ya'an Lantai Fu (雅安蘭台府) and Chengdu Tianfu Lantai Xinlong (成都天府蘭台•新隆) that had been delivered during this period. We did not encounter material delays in delivering these property projects. Major property projects that had been delivered after May 31, 2020 and up to the Latest Practicable Date include Chengde Lantai House (承德蘭台府), Leshan Lantai House (樂山蘭台府), Leshan Tianyu (樂山天嶼), Meishan Huayu Phase II (眉山花嶼二期) and Mianyang Tianyu (綿陽天嶼), which we did not encounter delays in delivering except for Chengde Lantai House (承德蘭台府). We encountered delays in property deliveries for a part of Chengde Lantai House which was originally scheduled to be delivered by June 30, 2020 due to COVID-19 outbreak, and we delivered this part of Chengde Lantai House to the customers on August 12, 2020. See “Business—Effects of the COVID-19 Pandemic—Effects of the COVID-19 pandemic on our property development business—Our project development activities.” Our business fluctuation during the Track Record Period and up to the Latest Practicable Date was typically due to the fluctuation of our GFA recognized as a result of our construction schedule and the size of each project we developed.

The national spread of the highly-infectious COVID-19 materially adversely affected the economic conditions of, and out-door as well as business activities in, certain cities where we have operations. In response to such situation, our Group formed an emergency team and took various measures: (i) our operation management and engineering departments conferred with our contractors to determine whether there may be any delay in construction schedules, and to reschedule certain of our projects under construction to ensure the eventual punctual completion of construction; (ii) our sales department, in cooperation with a top ecommerce platform in China, commenced online sales of

SUMMARY

properties; and (iii) our legal department promptly assessed the potential legal risks, especially those in relation to possible delays in construction or delivery of properties, and accordingly advised the pertinent departments.

As of the Latest Practicable Date, all of our property projects had generally resumed normal operations. Our contractors continued to carry out their obligations under the relevant contracts pursuant to the contract terms. We did not experience any significant shortage of construction materials or labors that materially interrupted the construction or sales of our properties. Even in the event that we experience any delays in the completion of construction or the delivery of our projects, risks are remote that such delay may be considered a default given the force majeure clauses typically exist in the relevant contracts. Accordingly, it is also unlikely that we should be subject to any penalties by the PRC governmental authorities on grounds of delays in construction schedule or delivery of properties caused by the COVID-19 pandemic. Finally, to the best of our Directors’ knowledge, as of the Latest Practicable Date, there had been no confirmed cases of COVID-19 infection of our Directors, senior management and staff.

As of the Latest Practicable Date, for certain commercial property tenants who suffered significant losses due to the COVID-19 outbreak, our Group waived (i) certain rents of February 2020, and (ii) certain rents of May 2020 for certain of our commercial property tenants in Changchun. However, we do not expect the waived rents to account for a significant portion of our revenue from commercial properties operations. Therefore, we believe the waiver would not materially affect our results of operations for 2020. Meanwhile, revenue from our hotel operations business decreased by 16.3% to RMB9.1 million for the five months ended May 31, 2020 from RMB10.8 million for the five months ended May 31, 2019, primarily due to the adverse effects of the COVID-19 pandemic.

Given the foregoing, our Directors are of the view that the COVID-19 pandemic, though may cause a brief decrease in our revenue for the first quarter of 2020, will not have material adverse impact on our results of operations and financial positions for the year of 2020. Nonetheless, the actual impact caused by the outbreak of COVID-19 on our property development, commercial property operations and hotel operations will depend on its subsequent development. Thus, with the risks being remote, it remains a possibility that the impact of COVID-19 pandemic on our results of operations and financial position might eventually evolve to be beyond our estimation and control. See “Risk Factors—Risks Relating To Doing Business in China—Our business operations may be affected by the COVID-19 pandemic.”

In the unlikely event that we are forced to reduce or suspend our business operations due to the COVID-19 pandemic, we estimate that we will remain financially viable for at least 12 months subsequent to September 30, 2020, taking into account (i) our balance of cash and cash equivalent as of September 30, 2020, (ii) cash inflow subsequent to September 30, 2020 still available to us under the circumstances, including bank and other borrowings available to us, the payments that we expected to receive under our property sales contracts as of September 30, 2020 and 10.0% of the [REDACTED] from the [REDACTED] that will be used for general business operations and working capital, and (iii) cash outflow subsequent to September 30, 2020, including monthly staff cost, principal and interest repayments for our outstanding bank and other borrowings as of September 30, 2020, land premiums for land grant contracts that we had already entered into with local governments as of September 30, 2020, consideration payments for equity acquisition under existing equity acquisition contracts entered into on or before September 30, 2020, cash payments for the construction costs that we were billed and expected to pay as of September 30, 2020

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and cash payments for operating and administrative expenses subsequent to September 30, 2020 consisting of office expenses, [REDACTED] expenses, annual audit fees and consultancy fees to compliance advisers. We make the estimation that we are financially viable for a specific month if we have positive balance of cash and cash equivalent at the end of that month by adding cash inflow in that month to, and deducting actual or expected cash outflow in that month from, the balance of cash and cash equivalent at the beginning of that month. The above estimation is also based on the assumptions that (i) we will not enter into any new property sales contracts with customers and generate nil income from our property development and other businesses due to the suspension of business; (ii) our expansion plan is suspended under such condition; (iii) save as mentioned above, there will be no further internal or external financing from our Shareholders or financial institutions; (iv) no further dividend will be declared and paid by us or by our joint ventures or associates under such situation; (v) except the construction cost and operating and administrative expenses that were mentioned above, no additional construction costs or operating and administrative expenses will be incurred due to the reduction or suspension of business; and (vi) there will be no material changes in the near future that would significantly affect the afore-mentioned factors or assumptions. See “Business—Effects of the COVID-19 Pandemic—Our contingency plan and response to the outbreak and spread of COVID-19” for more details.

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

NON-COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we experienced certain non-compliance incidents:

- Certain of our project companies commenced construction works prior to obtaining the requisite work permit/approval.
- Three of our project companies published certain property advertisements that did not comply with the relevant requirements of the PRC Advertising Law.
- Certain of our subsidiaries failed to make adequate social security insurance and housing provident fund contributions for some employees as required by the relevant PRC laws and regulations.
- Certain of our project companies failed to comply with relevant requirements in relation to pre-sale proceeds.

See “Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Non-compliance Incidents.”

SUMMARY

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 and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the [REDACTED]. Some of the risks generally associated with our business and industry include the following:

- We are susceptible to adverse movements in the PRC real estate market, particularly in Sichuan province and other regions where we plan to have property development projects.
- We are vulnerable to adverse changes in economic, political and social conditions and government policies in China.
- We may not have adequate financing to fund our property development projects, and capital resources may not be available on favorable terms, or at all.
- We rely on third-party contractors during the construction stage of our property development projects, who may not perform in accordance with our expectations.
- We had negative operating cash flow in 2017, 2018 and 2019 and the five months ended May 31, 2019 and net loss for the five months ended May 31, 2019.

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 document and, in particular, should evaluate the specific risks set forth in “Risk Factors” in deciding whether to invest in our Shares.

DEFINITIONS

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

“Acting in Concert Deed”	the acting in concert deed dated February 18, 2020 and executed by our Ultimate Controlling Shareholders, details of which are set out in “Relationship with Controlling Shareholders—Acting in Concert Deed”
[REDACTED]	[REDACTED]
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company, conditionally adopted on November 16, 2020 and will come into effect upon [REDACTED], a summary of which is set out in Appendix IV to this document, 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
“business day”	any day (other than a Saturday, a Sunday or a public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
[REDACTED]	[REDACTED]
“Cayman Islands Companies Law” or “Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

DEFINITIONS

“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Chengdu Hanjing Industrial”	Chengdu Hanjing Industrial Co., Ltd.* (成都漢景實業有限公司), a company established in the PRC with limited liability on March 31, 2005 and an indirect wholly-owned subsidiary of our Company
“Chengdu Hengxi Enterprise”	Chengdu Hengxi Enterprise Management Consulting Co., Ltd.* (成都恒禧企業管理諮詢有限公司), a company established in the PRC with limited liability on October 16, 2019 and an indirect wholly-owned subsidiary of our Company
“Chengdu Xida Enterprise”	Chengdu Xida Enterprise Management Co., Ltd.* (成都璽達企業管理有限公司), a wholly-foreign-owned enterprise established in the PRC with limited liability on November 12, 2019 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“China” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China” and the “PRC” exclude Taiwan, Macau Special Administrative Region and Hong Kong
“China Index Academy”	China Index Academy (中指研究院), our industry consultant and an Independent Third Party
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on July 15, 2019
“Company Law” or “PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as promulgated by the Standing Committee of the National People’s Congress on December 29, 1993 and last amended on October 26, 2018
“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, refers to Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng, Shan Yuan, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, and a Controlling Shareholder shall mean each or any one of them
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus

DEFINITIONS

“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 November 16, 2020 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in “Appendix V—Statutory and general information—D. Other information—2. Tax and other indemnities”
“Deed of Non-Competition”	the deed of non-competition dated November 16, 2020 and executed by our Ultimate Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in “Relationship with Controlling Shareholders—Deed of Non-competition” to this document
“Director(s)”	director(s) of our Company
“Du Neng Capital”	Du Neng Capital Limited, a company incorporated in Hong Kong with limited liability on July 8, 2019 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganization and the [REDACTED] Investment
“Du Neng Holding”	Du Neng Holding Limited, a company incorporated in the BVI with limited liability on May 28, 2019 and wholly owned by Mr. Wei Yue, our [REDACTED] investor
“Du Neng Investment”	DU Neng Investment Limited, a company incorporated in the BVI with limited liability on June 4, 2019 and a wholly-owned subsidiary of our Company upon completion of the Reorganization and the [REDACTED] Investment
“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 and December 29, 2018 by the SCNPC
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Fan Tai”	Fan Tai Investment Holding Limited, a company incorporated in the BVI with limited liability on August 29, 2019, which is wholly owned by Mr. Liu Ce and is one of our Controlling Shareholders

DEFINITIONS

“Fu Sheng”	Fu Sheng Capital Limited, a company incorporated in the BVI with limited liability on June 5, 2019, which is wholly-owned by Ms. Long Yiqin and is one of our Controlling Shareholders
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“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)
“Guangdong Leading Real Estate”	Guangdong Leading Real Estate Development Co., Ltd.* (廣東領地房地產開發有限公司), a company established in the PRC with limited liability on November 14, 2006 and an indirect wholly-owned subsidiary of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“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
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

“Jilin Leading Real Estate”	Jilin Leading Real Estate Development Co., Ltd.* (吉林省領地房地產開發有限公司), a company established in the PRC with limited liability on June 24, 2010 and an indirect non-wholly owned subsidiary of our Company which is owned as to 55% by Leading Group and 45% by Changchun Shangyuan Real Estate Development Co., Ltd.* (長春市上源房地產開發有限公司), an Independent Third Party (other than being a substantial shareholder of Jilin Leading Real Estate)
“Jin Sha Jiang”	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on June 5, 2019, which is wholly owned by Mr. Liu Yuhui and is one of our Controlling Shareholders
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Latest Practicable Date”	November 17, 2020, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
“Leading Group”	Leading Group Co., Ltd.* (領地集團有限公司) (formerly known as Meishan Baoma Real Estate Development Co., Ltd.* (眉山地區寶馬房地產開發有限公司) upon its incorporation), a company established in the PRC with limited liability on April 19, 1999 and an indirect wholly-owned subsidiary of our Company
“Leading Group Investment”	Leading Group Investment Limited, a company incorporated in the BVI with limited liability on August 12, 2019 and a wholly-owned subsidiary of our Company
“Leading HK”	Leading Hong Kong Holdings Limited (領地香港有限公司), a company incorporated in Hong Kong with limited liability on August 28, 2019 and an indirect wholly-owned subsidiary of our Company
[REDACTED]	[REDACTED]

DEFINITIONS

“Leshan Leading Real Estate”	Leshan Leading Real Estate Development Co., Ltd.* (樂山領地房地產開發有限公司), a company established in the PRC with limited liability on March 28, 2008 and an indirect wholly-owned subsidiary of our Company
“Lian Rong”	Lian Rong Capital Limited, a company incorporated in the BVI with limited liability on August 29, 2019, which is wholly owned by Mr. Liu Haowei and is one of our Controlling Shareholders
“Liang Yuan Asset Management”	Liang Yuan Asset Management Co., Ltd.* (量源資產管理有限公司), a company established in the PRC with limited liability on August 12, 2011 which is owned as to 33.34% by Mr. Liu Yuhui, 33.33% by Mr. Liu Ce and 33.33% by Mr. Liu Haowei
“Ling Yue”	Ling Yue Capital Holding Limited, a company incorporated in the BVI with limited liability on August 29, 2019, which is wholly owned by Mr. Liu Haowei and is one of our Controlling Shareholders
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Rules on the 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), MOFCOM, SAT, SAIC, CSRC and SAFE on August 8, 2006 and re-issued by 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
“Meishan Leading Real Estate”	Meishan Leading Real Estate Development Co., Ltd.* (眉山領地房地產開發有限公司), a company established in the PRC with limited liability on November 15, 2002 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on November 16, 2020 and will come into effect upon [REDACTED], a summary of which is set out in Appendix IV to this document, as amended from time to time
“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. Liu Ce”	Mr. Liu Ce (劉策) (formerly known as Liu Huan (劉歡)), our vice president and one of our Ultimate Controlling Shareholders. He is the son of Ms. Hou Sanli
“Mr. Liu Haowei”	Mr. Liu Haowei (劉浩威), our vice president and one of our Ultimate Controlling Shareholders. He is the son of Ms. Wang Tao
“Mr. Liu Shan”	Mr. Liu Shan (劉山) (formerly known as Liu Yuxian (劉玉賢)), the spouse of Ms. Wang Tao
“Mr. Liu Yuhui”	Mr. Liu Yuhui (劉玉輝), the chairman of our Board, executive Director, chief executive officer and one of our Ultimate Controlling Shareholders. He is the spouse of Ms. Long Yiqin
“Mr. Liu Yuqi”	Mr. Liu Yuqi (劉玉奇), the spouse of Ms. Hou Sanli
“Mr. Wei Yue”	Mr. Wei Yue (魏悅), our [REDACTED] investor
“Ms. Wang Tao”	Ms. Wang Tao (王濤), one of our Ultimate Controlling Shareholders. She is the mother of Mr. Liu Haowei
“Ms. Hou Sanli”	Ms. Hou Sanli (侯三利), one of our Ultimate Controlling Shareholders. She is the mother of Mr. Liu Ce
“Ms. Long Yiqin”	Ms. Long Yiqin (龍一勤), one of our Ultimate Controlling Shareholders. She is the spouse of Mr. Liu Yuhui
“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

DEFINITIONS

“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Pixian Shengda Real Estate”	Pixian Shengda Real Estate Development Co., Ltd.* (郫縣升達置業有限責任公司), a company established in the PRC with limited liability on July 11, 2014 and wholly owned by Sichuan Jinhengyuan Commercial and Trading Co., Ltd. (四川金恒源商貿有限公司), which an indirect non-wholly owned subsidiary of our Company

DEFINITIONS

“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 the Company on PRC laws in connection with the [REDACTED]
“[REDACTED] Investment”	the [REDACTED] investment by the [REDACTED] investor, further details of which are set out in “History, Reorganization and Corporate Structure—[REDACTED] Investment”
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“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 the Group in preparation of the [REDACTED], details of which are set out in “History, Reorganization and Corporate Structure—Reorganization”
“Rong Liang Group”	Rong Liang Group Co., Ltd.* (融量集團有限公司) (formerly known as Chengdu Shouxin Investment Co., Ltd.* (成都首信投資有限公司)), a company established in the PRC with limited liability on May 10, 2006, which is owned as to approximately 33.17% by Mr. Liu Haowei, 33.16% by Mr. Liu Yuhui, 33.16% by Mr. Liu Ce, 0.17% by Ms. Wang Tao, 0.17% by Ms. Long Yiqin and 0.17% by Ms. Hou Sanli
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

DEFINITIONS

“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 SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局)
“San Jiang Yuan”	San Jiang Yuan Investment Limited, a company incorporated in the BVI with limited liability on June 5, 2019, which is wholly owned by Ms. Wang Tao and is one of our Controlling Shareholders
“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
“Shan Yuan”	Shan Yuan Holdings Limited, a company incorporated in the BVI with limited liability on June 5, 2019, which is wholly owned by Ms. Hou Sanli and is one of our Controlling Shareholders
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and [REDACTED] on the Main Board
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on November 16, 2020, a summary of the principal terms and conditions of which is set forth in “Appendix V—Statutory and General Information—D. Other Information—1. Share Option Scheme”
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Sichuan Yuandi Real Estate”	Sichuan Yuandi Real Estate Development Co., Ltd.* (四川源地房地產開發有限公司), a company established in the PRC with limited liability on May 22, 2007 and an indirect non-wholly owned subsidiary of our Company which is owned as to 57% by Leading Group, 34% by Sichuan Wanrunda Real Estate Co., Ltd. (四川萬潤達置業有限公司), an Independent Third Party (other than being a substantial shareholder of Sichuan Yuandi Real Estate), and 9% by Meishan Derun Trading Co., Ltd. (眉山市德潤貿易有限公司), an Independent Third Party
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
[REDACTED]	[REDACTED]
“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
“Track Record Period”	the period comprising the three years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020
“Ultimate Controlling Shareholders”	Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“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

DEFINITIONS

“VAT”	the PRC value-added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Xichang Leading Real Estate”	Xichang Leading Real Estate Development Co., Ltd.* (西昌領地房地產開發有限公司), a company established in the PRC with limited liability on May 20, 2014 and an indirect non-wholly owned subsidiary of our Company, which is owned as to 82.5% by Leading Group, 8.5% by Meishan Jianzhong Construction Materials Co., Ltd.* (眉山市建忠建築材料有限公司), 7% by Leshan Land Real Estate Development Co., Ltd.* (樂山市陸地房地產開發有限公司), which is owned as to approximately 82.4% by an Independent Third Party, 11.8% by Mr. Liu Yuguo (劉玉國), the cousin of Mr. Liu Yuhui, and 5.8% by Ms. Liu Yuhui (劉玉惠), the sister of Mr. Liu Yuhui, and 2% by Sichuan Changhong Construction Engineering Co., Ltd. (四川昌弘建設工程有限公司), an Independent Third Party
“Xichang Weichuang Real Estate”	Xichang Weichuang Real Estate Development Co., Ltd.* (西昌唯創房地產開發有限公司), a company established in the PRC with limited liability on January 4, 2017 and an indirect non-wholly owned subsidiary of our Company, which is owned as to 95% by Meishan Leading Real Estate and 5% by Chengdu Lianzhong Chuangzhan Enterprise Management Consulting Co., Ltd.* (成都聯眾創展企業管理諮詢有限公司), which is owned as to 51% by Mr. Xu Chuanhai, our vice president, and 49% by Mr. Luo Changlin, our executive Director and chief financial officer
“Xinjiang Leading Real Estate”	Xinjiang Leading Real Estate Development Co., Ltd.* (新疆領地房地產開發有限公司), a company established in the PRC with limited liability on February 2, 2010 and an indirect non-wholly owned subsidiary of our Company, which is owned as to 85% by Leading Group and 15% by Sichuan Chuanyi Investment Co., Ltd.* (四川省川億投資有限公司), an Independent Third Party (other than being a substantial shareholder of Xinjiang Leading Real Estate)

DEFINITIONS

[REDACTED]

[REDACTED]

“Yuan Di”

Yuan Di Capital Limited, a company incorporated in the BVI with limited liability on August 29, 2019, which is wholly owned by Mr. Liu Ce and is one of our Controlling Shareholders

“Yue Lai”

Yue Lai Investment Limited, a company incorporated in the BVI with limited liability on June 5, 2019, which is wholly owned by Mr. Liu Yuhui and is one of our Controlling Shareholders

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

Certain amounts and percentage figures included in this document were subjected 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 document 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.

* For identification purpose only

GLOSSARY

This glossary of technical terms contains terms used in this document 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.

“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 document, property(ies) designated for commercial use
“completion certificate”	the construction work completion and 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 development projects
“contracted sales”	the aggregate purchase price of formal sale/pre-sale contracts of the properties that we entered into with purchasers in a certain period; contracted sales yet delivered means the aggregate purchase price of sale/presale contracts for which we had not delivered the relevant properties as of a certain date
“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 works
“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 works
“GDP”	gross domestic product
“GFA”	gross floor area

GLOSSARY

“home upgraders”	real estate purchasers who intend to upgrade their living environment by obtaining quality residential property products in terms of any or the combination of a number of factors, including larger living space, more premium fixtures and gardening, closer proximity to cities’ business and recreational centers
“land grant contract”	the state-owned land use rights grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities
“land use rights certificate”	the state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) concerning one’s right to use a parcel of land
“leasable GFA”	(i) in relation to completed property projects, the total GFA as shown in the relevant completion documents, survey documents and/or building ownership certificates for leasing purposes; or (ii) in relation to projects for which we have obtained pre-sales permits, the GFA as shown in the pre-sales permits, completion documents, survey documents and/or building ownership certificates for leasing purposes
“major third-tier cities”	generally refers to the cities located in major metropolitan areas which include the part of the Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區) in Guangdong province, the Yangtze River Delta (長江三角洲), the Beijing-Tianjin-Hebei Region (京津冀地區), the Middle Yangtze River (長江中游), Chengdu-Chongqing Economic Zone (成渝經濟帶), Shandong Peninsula (山東半島), Western Taiwan Straits (海峽西岸) and Central Plain City Group (中原城市群), excluding the first-tier cities and the second-tier cities in such areas
“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
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“pre-sale permit”	commodity property pre-sale 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

GLOSSARY

“real estate title certificate”	real estate title certificate (不動產權證), a certificate (or certificates, as the case may be) concerning one’s title in real estate
“residential property(ies)”	for purposes of this document, property(ies) designated for residential use
“second-tier cities”	36 major cities in China defined by the PRC National Statistics Bureau that are either provincial capitals, direct-controlled municipalities or among the six other major cities designated as “municipalities with independent planning” (計劃單列市) by the State Council and which are not first-tier cities
“sq.m.”	square meter(s)
“%”	percent

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to the 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 document, 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 document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the 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;
- certain statements in “Financial Information” with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and

FORWARD-LOOKING STATEMENTS

- other statements in this document that are not historical facts.

This document 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 document 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 the section entitled “Risk Factors.” You should read this document 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 document 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

Investing in the [REDACTED] involves a high degree of risk. You should carefully consider all the information set forth in this document and, in particular, the risks and uncertainties described below and all of the other information in this document, including the accountants’ report contained in Appendix I to this document, before making an investment in our Shares. Our business, financial conditions, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your investment. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS

We are susceptible to adverse movements in the PRC real estate market, particularly in Sichuan province and other regions where we plan to have property development projects.

Our business and prospects heavily depend on the performance of the PRC property market, in particular property market in Sichuan province. As of September 30, 2020, we had 70 property development projects by our subsidiaries, joint ventures and associates in Sichuan province. We also intend to expand into more regional economic centers in China where opportunities arise, and will also continue to increase our investments into other regions, such as eastern China. See “Business—Our Strategies.” Our profitability 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 cities where we have operations or intend to expand into, may have a material and adverse effect on our business, financial condition and results of operations.

The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial conditions, government policies, natural disasters, epidemics and hostilities, among others. Given the fluctuations in demands for residential and commercial properties in China during the past few years, we cannot guarantee that the real estate market in provinces and cities where we have undertaken, or will undertake, property development projects will continue to grow or that market downturns will not occur. The rising demand for residential and commercial properties in China was also accompanied by fluctuations in property prices, raising concerns over the affordability of housing and the sustainability of the growth of the real estate market. The PRC Government has sought to stabilize the real estate market by promulgating various control measures. Such measures may materially and adversely affect our business and financial condition.

RISK FACTORS

We may fail to identify desirable locations and acquire land use rights for future property development projects on commercially reasonable terms, or at all.

We believe that our ability to identify desirable locations and acquire necessary land use rights is key to the sustainable growth of our business. We primarily acquire land use rights for our project through the public listings-for-sale, tender and auction process organized by relevant government authorities. We have set certain criteria for site selection, but there is no assurance that we will be able to consistently use on our knowledge of and experience in the PRC real estate market to identify desirable locations. We may also incur significant costs in identifying and acquiring suitable new land for development following our criteria.

Moreover, our success in carrying out these business operations may be subject to factors beyond our control, such as economic conditions and changes in the regulatory landscape in the PRC. 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. See “—Risks Relating to the Property Industry in China—Increasing competition in the PRC, particularly from national and regional property developers in Sichuan and other cities where we operate or intend to operate, may adversely affect our business and financial condition.”

To the extent that we are unable to obtain land use rights on commercially reasonable terms or at all, we may fail to achieve higher returns on the sale and lease of our properties, and thereby experience material and adverse effects on our business, financial condition and results of operations.

Our property projects concentrate in Sichuan province as we historically focused on this area, rendering us susceptible to adverse changes in real estate market of this area, and we may fail to successfully expand geographically by undertaking property development projects in provinces and cities in which we have no existing business operations.

Our historical focus was primarily on the development of resident property projects in Sichuan province. As of September 30, 2020, we had 107 projects at various stages of development by our subsidiaries, joint ventures and associates with a total estimated GFA attributable to us of 16,567,700 sq.m., and 70 out of all 107 projects are located in Sichuan province. Our business and prospects therefore are highly dependent upon the performance of the property market in Sichuan 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. For as long as our operations remain substantially concentrated in Sichuan province, if Sichuan province experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemic, hostilities or any other reason, or if more restrictive government policies on the property market are imposed in Sichuan province, or if the conditions of Sichuan province’s property market otherwise declines, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

In order to achieve sustainable growth, we also intend to expand into more regional economic centers in China where opportunities arise, and will also continue to increase our investments into other regions, such as eastern China. See “Business—Our Strategies.” However, our experience as a property developer in our existing markets may not be applicable in new ones. We may expend time and resources in accumulating the experience and knowledge required to succeed, while facing competitors with greater capital resources, brand recognition and market expertise than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no guarantee that we will be able to pass any additional costs on to our customers. Moreover, expanding our geographical reach will divert management attention from our existing operations. There is no guarantee that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Any inability to compete effectively in new markets may materially and adversely affect our business, financial condition and results of operations.

The timing of our property sales and progress of our property development projects may cause our results of operations to fluctuate from period to period, making it difficult to predict our future financial performance.

During the Track Record Period, we derived a substantial portion of our revenue from sales of our properties. Due to capital requirements for land acquisition and construction, limited land supply and the time required for completing a project, we can undertake only a limited number of property development projects at a time. We generally recognize revenue once construction has been completed and a notice of delivery of the property has been issued to the buyer. The timing of completion and delivery for our properties generally depends on our construction timetables. It typically takes 20 to 24 months from our commencement of pre-sales to the construction completion and delivery of these properties. However, our construction timetable may be delayed or adversely affected by factors beyond our control, such as market or economic conditions, natural disasters, adverse weather conditions and delays in obtaining the requisite permits, licenses and certificates from the relevant government authorities. Thus, periods during which we make a significant number of pre-sales may not be periods during which we generate corresponding levels of revenue. This also had an impact on our operating cash flow and profit, see “—We had negative operating cash flow in 2017, 2018 and 2019 and the five months ended May 31, 2019 and net loss for the five months ended May 31, 2019” and “Financial Information—Liquidity And Capital Resources—Cash flow—Net cash used in operating activities.”

The combination of the above signifies that our results of operations may vary from period to period depending on the number of properties being delivered. Our results of operations may not be indicative of our future financial performance although they may influence our share prices. If our results of operations do not meet market expectations, we may experience material and adverse effects on our share prices, particularly as it may be difficult for investors to predict our future financial performance.

RISK FACTORS

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

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

- changes in market conditions, economic downturns and/or decline in customer interest;
- efficiency of third-party contractors;
- availability and cost of financing;
- delays in or failure to obtain the requisite permits, licenses and certificates from relevant government authorities;
- changes in government policies, rules or regulations;
- increases in the prices of our raw materials;
- shortages of materials, equipment, contractors and skilled labor;
- latent geographical or environmental conditions giving rise to the need to modify initial plans for our property development projects;
- unforeseen problems related to engineering and design;
- construction accidents, labor disputes and strikes;
- natural disasters or adverse weather conditions; and
- epidemics or pandemics, such as COVID-19.

Before we are affected by one or more of the above factors and must modify our plans, 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 business operations to do with land acquisition and construction. Construction itself may take longer than a year before we generate positive net cash flow through pre-sales, sales and leases. Consequently, any failure to complete property development projects on time or at all may adversely affect our business and results of operations. Our customers may be entitled to claim compensation for late delivery or terminate pre-sale agreements. We are also unable to guarantee that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favorable outcome. See “—We may be involved in claims, disputes and legal proceedings, which may adversely affect our financial condition, divert management attention and harm our reputation.” We may suffer material and adverse effects on our reputation and access to future business opportunities in the long term.

RISK FACTORS

We had negative operating cash flow in 2017, 2018 and 2019 and the five months ended May 31, 2019 and net loss for the five months ended May 31, 2019.

We had negative cash flow from operating activities of approximately RMB186.6 million, RMB4,287.7 million, RMB3,112.2 million and RMB1,156.2 million in 2017, 2018 and 2019 and the five months ended May 31, 2019, respectively, primarily as a result of significant net cash used in operations due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by proceeds received from our pre-sales and sale of the properties for the respective period. As a result, there could be a period during which we experience net cash outflow. Although we seek to effectively manage our working capital, we cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows.

During the Track Record Period, we mainly relied on internal resources generated from our operations, including proceeds from the pre-sales and sales of our properties, bank loans, trust financing arrangements as well as capital contribution from non-controlling shareholders. Negative operating cash flow may require us to obtain sufficient additional financing to meet our financing needs and obligations and to support our operations or expansion plans. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially adversely affected and we may not be able to expand our business. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. Such limitations could reduce our competitiveness and increase our exposure and sensitivity to adverse economic and industry conditions, which could materially adversely affect our financial condition and results of operations. See “Financial Information—Liquidity And Capital Resources—Cash flow—Net cash used in operating activities.” We also recorded net loss of RMB9.3 million for the five months ended May 31, 2019, primarily because the revenue we recorded was not enough to cover costs and expenses we incurred in this period due to the delivery schedule. Due to the nature of the property development business, there is typically an extended lead time between the commencement of the property development and revenue recognition. We cannot assure you that we will not record net loss in the future. See “Financial Information.”

RISK FACTORS

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

Property development is capital intensive, with substantial capital investments made during stages such as land acquisition and construction. During the Track Record Period, we funded our property development projects primarily through proceeds from pre-sales and sales, capital injection from shareholders and bank and other borrowings, including trust and other financings. We expect to continue funding our projects through these sources and to look for additional financing opportunities, such as corporate bonds or other debt offerings. However, we cannot guarantee that our capital resources will be sufficient, or that we will be always 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, our financial performance and credit availability. The PRC government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector, which, among other things:

- adjusted the RMB deposit reserve ratio several times since 2010 and recently further adjusted it downward in March 2016;
- adjusted the benchmark one-year bank lending rate several times since 2008;
- require a minimum percentage of the total investment in a property project to be funded by the developer’s own capital;
- prohibit PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of villas;
- restrict PRC commercial banks from granting or extending revolving credit facilities to property developers that hold a large amount of idle land and 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 from granting loans to development projects that fail to meet capital ratio requirements or lack the required government permits and certificates; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

RISK FACTORS

See “Regulatory Overview.”

On March 17, 2018, the First Session of the thirteenth NPC approved the Reform Plan on State Council Agencies. On March 22, 2018, the State Council published the Notice on the Setup of Institutions (No. 6 [2018] of the State Council) announcing the merger of the CIRC and the CBRC into the CBIRC, which may lead to stricter and more unified supervision over financial institutions and may indirectly affect the real property industry and us. See “Regulatory Overview—Real Estate Financing.”

Additionally, we may also from time to time enter into trust financing arrangements with trust financing and asset management companies. On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, “Trust Company” shall mean any financial institution established pursuant to the PRC Company Law and these Measures, and that primarily engages in trust activities. From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and became effective on the same date, pursuant to which Trust Companies are restricted from providing trust loans, in form or in nature, to property projects (except for affordable housing) that have not obtained the requisite land use rights certificates/real estate title certificates, construction land planning permits, construction work planning permits and construction work commencement permits and the property projects of which less than 35% of the total investment is funded by the property developers’ own capital. The 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects, as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009. Since trust financing and asset management companies are under the supervision and monitoring of the CBIRC pursuant to the Measures for Administration of Trust Companies (《信託公司管理辦法》) and various regulations and policies promulgated thereunder, and are required to comply with all notices and regulations promulgated by the CBIRC, we cannot assure you that the PRC Government will not introduce additional measures that may restrict our access to capital resources and external financing. See “Regulatory Overview—Real Estate Financing—Trust and asset management financing.” Failure to secure sufficient capital resources or external financing on favorable terms, or at all, may hinder our ability to implement and complete our property development projects. We may thus experience material and adverse effects on our business and results of operations.

RISK FACTORS

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 capital resources or external financing on favorable terms, or at all, may hinder our ability to implement and complete our property development projects. We may thus experience material and adverse effects on our business and results of operations.

Our ability to obtain additional financing may be subject to limitations.

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 business strategies. However, we cannot guarantee that the PRC Government will not introduce new laws or regulations on certain financing related financial ratios, which could adversely affect our ability to incur additional indebtedness. For example, recent news articles have begun to emerge which report that the PBOC plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard for the purpose of assessing the debt burden of property developers. The proposed standard consists of caps on three ratios, namely (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 the cash and bank balances divided by the current portion of interest-bearing bank and other borrowings) shall not be lower than 1.0 times. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which crossed none of the three limits, their size of interest-bearing liabilities shall not increase by more than 15.0% annually, (ii) for property developers which crossed only one of the three limits, their size of interest-bearing liabilities shall not increase by more than 10.0% annually, (iii) for property developers which crossed two of the three limits, their size of interest-bearing liabilities shall not increase by more than 5.0% annually, and (iv) for those property developers which crossed all of the three limits, their size of interest-bearing liabilities shall not increase at all.

RISK FACTORS

As of December 31, 2017, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 64.0%, 59.4%, and 1.5 times, respectively. As of December 31, 2018, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 68.9%, 108.5%, and 0.5 times, respectively. As of December 31, 2019, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 77.3%, 141.6%, and 0.6 times, respectively. As of May 31, 2020, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 80.2%, 153.1%, and 1.1 times, respectively. As such, in the event that this proposed standard is implemented by the PBOC in the exact manner as reported in the news articles and there is no material change to our performance on the three ratios at the time of the proposed standard’s implementation as it was on December 31, 2017 and 2018 and May 31, 2020, we would cross none, two and two of the three limits, respectively, and would be permitted to increase our interest-bearing liabilities by no more than 15.0%, 5.0% and 5.0% annually, respectively, or as it was on December 31, 2019, we would cross all of the three limits and would not be permitted to increase our interest-bearing liabilities at all. 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 beyond the permitted threshold, we may not be able to draw down on credit facilities before we repay a portion of our 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 adversely affected.

We may not be successful in managing our growth and business expansion.

We experienced a rapid growth during the Track Record Period. For the years ended December 31, 2017, 2018 and 2019, our revenue amounted to RMB5,338.6 million, RMB4,513.9 million, RMB7,568.2 million, respectively, representing a CAGR of 19.1%; and our revenue increased 181.0% from RMB1,077.5 million for the five months ended May 31, 2019 to RMB3,027.8 million for the same period in 2020. In order to continue to achieve sustainable growth, we need to continue to seek development opportunities in selected regions and cities in the PRC with the potential for growth. As of September 30, 2020, we had established presence in more than 20 cities in China with an aggregate total land bank attributable to us of 16.6 million sq.m. These historical results should not be taken as indicative of our future performance. We may not be able to sustain our stable growth or may not even be able to grow our business at all.

RISK FACTORS

As our business grows, 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 for new projects or in new markets. In addition, business expansion requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of skillful and qualified personnel. Moreover, expanding our business, particularly expanding our geographical reach, will divert management attention from our existing operations. There is no guarantee that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Expanding into new geographical locations also involve uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. See “—Our property projects concentrate in Sichuan province as we historically focused on this area, rendering us susceptible to adverse changes in real estate market of this area, and we may fail to successfully expand geographically by undertaking property development projects in provinces and cities in which we have no existing business operations.” Any of these issues could have a material adverse effect on our business, financial conditions, results of operations and prospects.

We recorded interest coverage ratio below 1.0 times for the year ended December 31, 2019 and for the five months ended May 31, 2020.

We recorded interest coverage ratio below 1.0 times for the year ended December 31, 2019 and for the five months ended May 31, 2020. The decrease of our interest coverage ratio to the level below 1.0 times was primarily due to the increase in our bank and other borrowings, primarily in response to the financing demands arising from our business expansion. As our business operations are highly capital intensive and require a significant amount of liquidity, 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 business strategies. We cannot ensure you that we will have enough financial resources to repay our outstanding bank and other borrowings.

RISK FACTORS

We may fail to obtain or experience delays in obtaining the relevant PRC governmental approvals for our property development projects.

We are required to obtain various permits, licenses and certificates throughout multiple stages of our property development projects, including but not limited to land use rights certificates/real estate title certificates, planning permits for construction land, planning permits for construction works, construction work commencement permits and pre-sale permits for commodity properties. In addition, entities engaged in real estate development are required to obtain a qualification certificate for real estate development enterprises. Those who engage in real estate development without obtaining qualification certificate will be ordered to cease development activities. Generally, these permits and qualification are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining, or result in our failure to obtain, the required approvals. 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. We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all.

We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late payment fees if we breach the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to designated use of land, time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Moreover, under typical land grant contracts, any violation of payment schedule of land premium as stipulated under the land grant contracts may subject a developer to late payment fees or even result in termination of the land grant contracts.

RISK FACTORS

During the Track Record Period, for 16 property development projects, we failed to make land premium payments as required by the payment schedules of relevant land grant contracts, and accordingly incurred contractual penalties thereof and did not obtain the relevant land use rights certificates/real estate title certificates within the expected time frame. As of May 31, 2020, we had paid the relevant contractual penalties in full in connection with all of the 16 projects, and obtained the relevant land use rights certificates/real estate title certificates (Land) for 15 of these projects. As of the Latest Practicable Date, we had not received the land use rights certificates/real estate title certificates (Land) for the remaining one project. Such delays did not constitute any non-compliance under the applicable laws and regulations, or otherwise result in any material adverse impact on our operations. See “Business—Our Property Development Management—Land Acquisition.” We cannot assure you that we will not encounter similar problems with respect to continuing scheduled land premium payments, including the outstanding ones described above, going forward, for similar or other reasons. Moreover, some of our subsidiaries were not in compliance with certain construction related PRC laws and regulations, such as commencing construction works before obtaining the requisite construction work planning permit and construction work commencement permit. Although we have improved our internal control procedures, we cannot assure you that we will receive the various certificates, permits and qualification within the expected time frame, because the timing of issuance of such certificates, permits and qualification may be subject to factors out of our control, including the relevant government resettlement schedules, change of planning scheme and government policies. If we fail to receive or renewal such certificates, permits and qualification, our development schedule may be disrupted, which, in turn, may have a material and adverse effect on our business, results of operations and financial condition. See “Business—Our Property Development Managements—Land Acquisition.”

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

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction work planning permit, we may not be able to obtain the construction work completion and inspection acceptance certificate (竣工驗收備案表) for our project and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and purchase agreements. During the Track Record Period, incidents occurred where the GFA of the properties we developed did not strictly confirm to the approved plans as set out in relevant construction work planning permits. Such incidents had not resulted in any material non-compliance, and did not have any material

RISK FACTORS

adverse impact on our operations. See “Business—Legal Proceeding and Compliance—Compliance with Laws and Regulations.” We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or to take any remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

We are exposed to contractual and legal risks related to pre-sales.

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, should we fail to complete pre-sold properties on time, we may be liable to our customers for late delivery. If we fail to complete and deliver a pre-sold property on time, our purchasers are entitled to claim compensation for late delivery under either their contracts with us or the relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and bring claims for additional compensation. We recorded contract liabilities of RMB4,268.4 million, RMB9,522.3 million, RMB15,398.3 million and RMB18,585.3 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020, which mainly represents the sales proceeds received from our property purchasers in connection with our pre-sale of properties. Such contract liabilities will not be recognized as revenue until the control of the pre-sold properties is transferred to the customer. During the Track Record Period, we did not experience any material delay in delivery of properties, nor was there any action brought against us by property purchasers claiming compensation in this regard; nonetheless, we experienced delays in obtaining relevant property ownership certificates for the purchasers, and incurred damages thereof the amount of which was immaterial to us. As advised by our PRC Legal Advisors, such delays did not constitute non-compliance of any kind, nor did these incidents otherwise have any material adverse impact on our financial positions or results of operations. In addition, purchaser may also terminate his or her contract with us and/or bring claims for compensation 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 as set out in the contract. We cannot guarantee that such instances will not occur going forward, particularly as they may be due to factors beyond our control. In the event that multiple projects are delayed at a time and we are forced to delay the implementation of our plans, we may experience material and adverse effects on our business and results of operations.

RISK FACTORS

Additionally, we make certain warranties as to the quality of our properties in accordance with the “Administration Ordinance on Development and Operation of Urban Real Estate” (城市房地產開發經營管理條例) which became effective on July 20, 1998 and was amended with effect on January 8, 2011, as well as the “Regulations on the Administration of Quality of Construction Works” (建設工程質量管理條例) which became effective on January 30, 2000. Customers may allege that we did not fulfill our representations and warranties in the planning and development of our property development projects. See “Regulatory Overview.” In dealing with such occurrences, we may suffer damage to our brand value as well as monetary losses.

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

As of December 31, 2017, 2018 and 2019 and May 31, 2020, we recorded contract liabilities in the amount of RMB4,268.4 million, RMB9,522.3 million, RMB15,398.3 million and RMB18,585.3 million, respectively. Our contract liabilities mainly represent the sales proceeds received from our property purchasers in connection with our pre-sale of properties. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Contract liabilities.” If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the sales proceeds we have received upfront, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

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. In the wake of the financial crisis, the PBOC began reducing benchmark interest rates from June 2012 onwards. For example, on June 6, 2012, China’s benchmark one-year lending rate was lowered to 6.00% from 6.31% on June 8, 2012; it was lowered several more times until it reached 4.35% on October 24, 2015. As of the Latest Practicable Date, this interest rate remains the same. While the PRC economy grows and the U.S. Federal Reserve benchmark interest rates fluctuated in 2019 and the first quarter of 2020, we anticipate that the PBOC may adjust benchmark interest rates accordingly. Any hike in benchmark interest rates is likely to increase our customer’s mortgage rates and our financing costs. According to the Announcement of the People’s Bank of China [2019] No.30—Announcement on Matters relating to the Conversion of the Pricing Benchmark of Existing Floating Rate Loans to Loan Prime Rate, as of March 1, 2020, financial institutions shall negotiate with customers of existing floating rate loans in regard to the pricing benchmark conversion terms, converting the pricing method agreed in the original contract to using Loan Prime Rate as the pricing benchmark plus points (including

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negative-value points). Increases in mortgage rates may slow growth in the real estate market, while increases in our financing costs may materially and adversely affect our results of operations.

We rely on third-party contractors during the construction stage of our property development projects, who may not perform in accordance with our expectations.

We engage on third-party contractors to provide various services, including the construction of our property development project. We generally select third-party contractors based on factors such as market reputation, qualifications, prices and track record. Our contractors are also generally responsible for procuring construction materials. However, we cannot guarantee that the services rendered or construction materials provided will always meet our expectations. For example, in the event that our contractors fail to deliver properties that are safe for habitation or use on schedule, this may affect our own timelines for delivery to our customers. There can also be no assurance that our contractors will not encounter financial or other difficulties that cause delays, create quality defects or force them to stop working altogether. See “—We may fail to complete our property development projects on time, or at all.” It is possible that we do not discover quality defects until after delivery and there is resulting damage to person or property. In addition, under our typical construction contracts, we require our contractors to strictly comply with the relevant rules and regulations including environmental, labor, social and safety regulations to minimize our risks and liabilities. See “Business—Our Property Development Management—Construction and Procurement—Appointment of construction contractors.” We may incur additional costs while taking remedial measures such as replacing contractors, purchasing new construction materials and paying compensation. Any or all of them may materially and adversely affect our business, results of operations, market reputation and access to future business opportunities.

We are exposed to risks related to concentration of suppliers.

We experienced concentration of suppliers during the Track Record Period. For the years ended December 31, 2017, 2018, 2019 and the five months ended May 31, 2020, our five largest suppliers, primarily comprising construction contractors and each an Independent Third-Party, accounted for 77.8%, 64.3%, 59.8% and 50.0% of our total purchase, respectively, and our single largest supplier accounted for 32.4%, 54.1%, 51.6% and 37.4% of our total purchase during the same periods, respectively. For more details, see “Business—Suppliers and Customers—Suppliers.” We cannot assure you that we will be able to procure contractors providing comparable service or products at comparable prices within a reasonable period in case of interruption of our major suppliers’ business or our business relationship with them. In the event of the above-mentioned situation, our financial condition and results of operations may be materially and adversely affected.

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Actual development costs for our property development projects may deviate from our initial estimates.

We prepare a budget prior to commencing our property development projects, taking into account of costs to acquire land, construction cost and borrowing, among others. While we have internal procedures to monitor development costs for our property development projects, factors beyond our control may force us to deviate from our plans. For example, we expect that our construction costs will increase and that interest rates may rise. See “—We may experience fluctuations in our construction costs” and “—We are susceptible to the effects that interest rate hikes may have on our customers’ mortgage rates and our financing costs.” Additionally, the PRC Government closely monitors the PRC real estate industry and modifies the regulatory landscape from time to time. For example, it may impose additional conditions for issuance or renewal of certain permits, licenses and certificates required at various stages of our property development projects. We may experience delays and cost increases while seeking to meet the new conditions in a timely and effective manner. As we cannot anticipate when or what new policies will be promulgated, our ability to make appropriate provision beforehand is limited. Substantial increases in our development costs may lead to lower profit margins and therefore materially and adversely affect our results of operations.

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 the summary of values of App III to this document was prepared by JLL based on multiple assumptions with subjective and uncertain elements, which include, among others, that:

- we will complete property development projects on time;
- we have obtained or will obtain on a timely basis all licenses and approvals necessary for carrying out our property development projects; and
- we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; and
- our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

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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 our property development projects 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 was experiencing a downturn as a result of PRC government tightening measures on the property sector, any continued effect of the adverse macroeconomic environment or other reasons. See “—We are susceptible to adverse movements in the PRC real estate market, particularly in Sichuan province and other regions where we plan to have property development projects.” In the event that any of the assumptions are proven false, and therefore lower the actual realizable value of our properties, we may experience material and adverse effects on our business, financial condition and results of operations.

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

Impairment loss for a property may arise when its carrying value exceeds its recoverable amount. The real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development before we complete the construction, as well as completed properties held for sale, before we sell the properties at our desired prices. We recorded impairment losses for properties under development in the amount of RMB7.3 million and RMB3.7 million respectively, in 2017 and 2018, primarily due to the carrying value of certain property projects, such as Meishan Kaixuan International Mansion and Xichang Leading Kaixuan International Mansion, i.e. the development costs exceeded the expected revenue from such property projects. We cannot assure you that we will not incur any impairment losses for properties under development or completed properties held for sale in the future. If we incur impairment losses or experience increases in impairment losses for properties under development or completed properties held for sale, our results of operation and financial position may be adversely affected.

Our commercial property operations might subject us to a variety of risks.

Our commercial property operations constitute integral parts of our business and turnover. 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 on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In certain circumstances, such as during the COVID-19 pandemic, our tenants may request us to waive rents for a certain period of time. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. Likewise, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties, and as a result, decrease revenue from our commercial property operations, which may have an adverse effect on our business, financial condition and results of operations.

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

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

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (中華人民共和國人民防空法) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the State Civil Air Defense Office (國家人民防空辦公室) in November 2001, a developer can manage and use such areas designated as civil air defense properties at other time and generate profits from such use.

During the Track Record Period, we had entered into contracts to lease civil air defense properties in our property development projects to our customers as car parks (the “**Designated Car Parks**”) and we intend to continue such lease. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost. We confirm that as of September 30, 2020, 16 of our projects comprised completed civil air defense properties with an aggregate GFA of 190,743 sq.m.; 50 of our projects comprised civil air defense properties under development or held for future development with an aggregate GFA of 714,094 sq.m.. These civil air defense properties are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

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

Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by MOHURD on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of May 31, 2020, we failed to register certain lease agreements. We may be required by relevant government authorities to file the lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000 subject to the discretion of the government authorities. See “Business—Leased Properties.”

We may experience fluctuations in our construction costs.

We believe that our ability to control construction costs is key to our continued success. Our construction costs primarily relate to the costs of employing our contractors and the prices for our construction materials. As living standards in China improve and the PRC Government seeks to increase the wages of migrant workers, we expect that the costs of employing our contractors will continue growing going forward. Furthermore, we rely on our contractors to procure construction materials such as steel and cement, and are generally obliged to increase payments to them in the event that the market prices of construction materials fluctuate beyond a pre-determined range. There can be no assurance that we will be able to obtain construction materials on favorable terms or at all, or that shortages or disruptions in supply will not occur in the future. Prices for steel, cement and commercial concrete were volatile during the Track Record Period. Significant price increases lead to higher cost of sales, and there is no guarantee that we will be able to obtain alternative supplies of construction materials of similar quantity or quality in a timely manner, or at all. We cannot guarantee that we will be able to limit our exposure to price fluctuations or pass on additional costs to our customers. Our ability to pass on additional costs to our customers is limited as our costs may increase after we have pre-sold properties to customers, but before their completion. Failure to manage our construction costs may materially and adversely affect our business and results of operations.

We rely on property agents to sell and market our property development projects, who may not perform in accordance with our expectations.

During the Track Record Period, we have relied on and will continue to rely on property agents to sell and market our property development projects. We selected and employed property agents based on factors such as market reputation, qualifications, professionalization, prices and track record. As the property agents we employ are independent third-parties, we cannot assure you that they have complied in all material respects with PRC laws and regulations relevant to property sales. For instance, the property agents may charge extra fees on top of the sales price in violation of relevant laws and regulations. In the event that our property agents fail to comply with such PRC laws and regulations, particularly in relation to representations and warranties or sales and marketing campaigns, we may suffer material and adverse effects on our brand value. We may also lose a portion of our customers and therefore our market share in the long term.

RISK FACTORS

We cannot guarantee that we can always properly and effectively manage our sales office fully in accordance with the relevant laws and regulations. For instance, during the Track Record Period, one of our project company failed to display the qualification certificate of its staff and the sales agent certificate of the property agents at its sales office, which caused that this project company’s online signing of commodity property sales contracts was temporarily suspended for the purpose of further government inspection. Additionally, there is no guarantee that our property agents will perform up to our standards of professionalism and effectiveness. We may suffer material and adverse effects on our business and results of operations, as well as incur additional costs while seeking to replace property agents unsuited to the task of selling and marketing our properties.

The illiquid nature of property limits our ability to respond to any adverse movements in the performance of our investment portfolio.

We hold certain high-quality properties for investment purposes, strategically selecting them based on their potential for appreciation in value and revenue from commercial property operations and for the development of our business. However, the performance of the real estate market is affected by several factors, many of which are beyond our control. See “—We are susceptible to adverse movements in the PRC real estate market, particularly in Sichuan province and other regions where we plan to have property development projects.” According to the Accountants’ Report as set out in Appendix I, as of May 31, 2020, we had investment properties amount to RMB4,574.0 million. Our investment property portfolio may increase in the future. The fair value of our investment properties is likely to fluctuate from time to time and such fluctuations make it difficult to predict our future performance. For example, the value of our investment properties slightly decreased in the five months ended May 31, 2020 primarily due to the COVID-19 pandemic’s adverse effects on the fair value of our investment properties. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Investment properties.” As property investments are inherently illiquid, our ability to sell our properties in response to global, national, regional and/or local conditions, financial or otherwise, is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property that is subject to a lease agreement, we may have to obtain consent from or pay termination fees to tenants. 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. Furthermore, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. In such circumstances, we may suffer material and adverse effects on our business and financial condition, particularly as we may have expended significant capital resources in building up our investment portfolio.

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The fair value of our investment properties may fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.

The fair value of our investment properties may fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability. We are required to reassess the fair value of our investment properties at the end of each reporting period. Our investment properties were valued by JLL, an independent property valuer, as of December 31, 2017, 2018, 2019 and May 31, 2020, on an open market and existing use basis, which reflected market conditions on the respective dates. Such investment properties are measured at fair value with significant unobservable inputs used in the valuation techniques. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss and other comprehensive income for the period in which they arise, therefore directly affecting our results of operations. Based on such valuation, we recognized the aggregate fair value of our investment properties and the relevant deferred tax on our consolidated statements of financial position. In 2017, 2018 and 2019 and the five months ended May 31, 2019, our fair value gains on investment properties were RMB490.8 million, RMB295.1 million, RMB160.8 million and RMB91.1 million, respectively. In the five months ended May 31, 2020, our fair value losses on investment properties were RMB38.1 million, primarily due to the COVID-19 pandemic’s adverse effects on the fair value of our investment properties. There is no assurance that we will not incur such similar fair value losses in the future.

Despite the impact on the results of operations, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. Investment 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 reporting period. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant deviation 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.

RISK FACTORS

We guarantee the mortgage loans provided by financial institutions to our customers and consequently, we are liable to the mortgagees if our customers default.

Our customers may apply for mortgage loans to purchase our properties. As consistent with market practice, we guarantee these mortgage loans for purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage loans are registered in favor of the mortgagee bank or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is earlier. The guarantee period may range from one to three years.

The guarantees cover the full value of mortgage loans that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. We generally deposit with the mortgage bank a sum equal to or less than five percent of the mortgage amount. In the event that a customer defaults on the mortgage payment, the mortgage bank may deduct the deposited sum from the payment due 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 guarantee that they will be sufficiently extensive. Yet even if we were to conduct our own, we cannot guarantee that one or more of our customers will not default on us going forward, particularly as there is limited financial or public information on many of them. There can also be no assurance that we will be able to estimate and make appropriate provision for defaults. As of December 31, 2017, 2018 and 2019 and May 31, 2020, our outstanding guarantees over the mortgage loans of our customers amounted to RMB2,992.7 million, RMB5,443.2 million, RMB8,882.0 million and RMB10,459.3 million, respectively. During the Track Record Period, we experienced defaults by customers during the period that we guarantee these mortgage loans, though such defaults did not have any material adverse effect on our business or financial positions. We cannot assure you that defaults by our customers during our guarantee period will not occur in the future. Furthermore, it is possible that global, national, regional or local financial conditions may result in multiple defaults in close succession; in the event that several guarantee payment obligations arise at a time, we may experience material and adverse effects on our business, financial condition and results of operations, especially if the market value of our properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favorable terms.

RISK FACTORS

We may fail to make sufficient provision for LAT.

Properties that we develop for sale are subject to a Land Appreciation Tax (“LAT”). Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciated value of the properties. LAT is calculated based on the proceeds received from the sale of properties less deductible expenditures. 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.

We only prepay a portion of our provision for the estimated LAT each year as required by local tax authorities. For the year ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we made provision for LAT in the amount of RMB169.9 million, RMB251.1 million, RMB218.3 million, RMB14.4 million and RMB153.5 million, respectively. As of the Latest Practicable Date, we had not had any material disagreements with the relevant authorities respecting our LAT calculations. However, we cannot assure you that this will always be the case going forward. The relevant authorities may conclude that we are liable for more substantial LAT payments with respect to past liabilities and present obligations. We may experience material and adverse effects on our cash flow, financial condition and results of operations while seeking to pay the shortfall amount to relevant authorities, which may in turn lead to restrictions on our ability to implement our business strategies.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business.

We may make strategic investments or acquisitions from time to time. However, our success in such ventures depend on our ability to identify suitable acquisition targets, obtain financing on favorable terms and acquire the necessary regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our business strategies.

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Acquisitions typically involve a number of risks that may lead to material and adverse effects on our business, financial condition and results of operations. These may include, among others:

- failure to identify suitable targets;
- difficulties with integrating the operations and personnel of the target corporation with our own;
- potential disruption to our business operations and the diversion of management attention;
- dilution of our shareholders, in the event that we seek and obtain additional equity financing;
- failures to detect non-compliance incidents and financial or other issues during our due diligence procedures, such as the dispute as disclosed in “Business—Legal Proceedings and Compliance—Ongoing Legal Proceedings—Dispute with an Individual”; and
- failures to reap the expected benefits of the acquisition and take advantage of potential synergies, to the detriment of our own financial well-being.

Failure to protect our intellectual property rights may materially and adversely affect our brand value.

We rely on our trade name and trademarks “**領地** | LEADING” to build brand value and recognition, which we believe are integral to consolidating and building our market presence. However, brand value is based largely on public perception. It may diminish in the event that we fail to deliver properties that are safe for habitation, are subjected to negative publicity, offer consistently negative experiences to customers or third parties that deal with us or are perceived as unethical or socially irresponsible. Even isolated incidents may lower market trust and reduce demand for our properties in the long term.

In addition, our efforts to protect our brand name may not be adequate. In particular, 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 trade name or trademarks may impair our brand value and recognition. Third parties may use our intellectual property in ways that damage our reputation in the real estate industry. During the Track Record Period, we experienced an immaterial incident where our trade name was infringed by a third party. This incident did not result in any material adverse impact on our brand value or reputation, or otherwise materially affect our business operations. We cannot guarantee that our measures to protect our intellectual property will be sufficient.

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We primarily rely on trademark and copyright law with our employees, customers and business partners to protect our intellectual property rights. See “Business—Intellectual Property.” Despite the precautions taken, there can be no assurance 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 guarantee that we will be successful in any enforcement proceedings that we undertake. Litigation to protect our intellectual 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.

Compliance with PRC laws and regulations regarding environmental protection and the preservation of antiquities and monuments may delay the progress of our property development projects and create additional costs.

We are subject to various laws and regulations concerning environmental protection and the preservation of antiquities and monuments, which effectively prohibit and restrict property development in certain regions. See “Regulatory Overview.” While navigating this regulatory regime, we may incur additional compliance costs, leading to lower profit margins and material and adverse effects on our results of operations. We may also be forced to delay our construction plans and fail to complete properties on time, suffering damage to our reputation and access to future business opportunities. See “—We may fail to complete our property development projects on time, or at all.”

As required by PRC laws and regulations, property projects with a GFA in excess of 50,000 sq.m. or in environmentally sensitive regions are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for approval. If we fail to meet such requirements, the local authorities may impose penalties ranging from 1% to 5% of the total investment of the pertinent property project, issue orders to reinstate, and impose administrative sanctions to the persons directly in charge of the construction unit as well as other persons directly responsible. We cannot assure you that we will be able to comply with all such requirements. In addition, it is possible that the environmental assessments conducted may not reveal all environmental issues or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of a suspension of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

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As environmental awareness grows in China, we anticipate that the PRC Government will continue to promulgate increasingly stringent environmental laws and regulations. We also believe that we, and our environmental impact assessment reports, will be evaluated against higher standards for compliance with the regulatory regime. We anticipate that these developments will increase our project development costs in general. Moreover, should the public perceive us as socially irresponsible on environmental issues, the consequent damage to our reputation may diminish our brand value. See “—Failure to protect our intellectual property rights may materially and adversely affect our brand value.”

Our success depends on our ability to retain members of our senior management team and key personnel.

Our continuing and future success depends on the efforts of our senior management team. As they possess industry expertise, know-how or experience in key areas such as construction management, design and sales and marketing, losing their services may have a material and adverse effect on our ability to grow and sustain our business. For example, we currently rely on Mr. Liu Yuhui, our chairman of the Board, executive Director, and chief executive officer, to oversee our business development, formulation and implementation of business strategies. Members of our senior management team collectively have an average of approximately over 10 years in the real estate industry. See “Directors and Senior Management.” Should any or all members of our senior management team join or form a competing business with their expertise, business relationships and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for such damage. Unexpected resignations may also leave key operations without supervisors and materially and adversely affect the implementation of our business strategies. In addition, we rely on our experienced employees, including capital management, financing, human resources, strategic investment and marketing personnels, for our daily operation and business expansion. There can be no assurance that we will be able to recruit personnel with equivalent qualifications in a timely manner or at all, as competition for experienced management is fierce in our industry, particularly in cities where we have operations.

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We may be involved in claims, disputes and legal proceedings, which may adversely affect our financial condition, divert management attention and harm our reputation.

We may be directly or indirectly involved in claims, disputes and legal proceedings with various parties involved in our property development projects and operation, such as contractors, regulatory bodies, business partners and customers. See “Business—Legal Proceedings and Compliance.” These claims, disputes and legal proceedings may relate to, among other issues, contractual warranty disputes, employment and intellectual property. For example, earlier purchasers of our properties may allege that we did not fulfill our representations and warranties in the subsequent planning and development of our property development projects. See “—We are exposed to contractual and legal risks related to pre-sales.” During the Track Record Period, we were not involved in any lawsuit that have a material adverse effect on our business, financial condition and results of operations. However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any claims, disputes and legal proceedings brought against us, with or without merit, could result in substantial costs and divert capital resources and management attention. We may suffer damage to our reputation regardless of whether we prevail, leading to material and adverse effects on our business and brand value.

Our insurance coverage may not sufficiently cover the risks related to our business.

We purchase and maintain insurance policies that we believe are customary with the standard commercial practice in our industry and as required under the relevant laws and regulations. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with contracting agreements. See “Business—Insurance.” However, we cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. Consistent with customary practice in China, we do not carry any business interruption insurance or litigation insurance. Moreover, we do not insure our property development projects against disruptions or damage caused by natural disasters, wars, civil unrest, acts of terrorism and other instances giving rise to force majeure. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our financial condition and results of operations.

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

We rely on our information technology systems to manage key operational functions such as processing financial data, approving disbursement and coordinating business operations between subsidiaries. However, we cannot assure you that damages 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 in or disruptions to our information technology systems and loss or leakage 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.

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

We maintain a substantial level of borrowings to finance our operations during the Track Record Period. As of December 31, 2017, 2018 and 2019 and May 31, 2020, our total bank and other borrowings amounted to approximately RMB3,585.9 million, RMB7,853.8 million, RMB11,755.2 million and RMB15,176.3 million, respectively. We may from time to time in the future consider debt financing opportunities to refinance our existing loans and to support our business expansion. Our net gearing ratio, as calculated by total borrowings (including interest-bearing bank and other borrowings) less cash and bank balances divided by total equity as of the end of the respective period, was approximately 0.6 times, 1.1 times, 1.4 times and 1.5 times as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively.

Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and (ii) limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate. We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among others, incur additional debt, provide loans or guarantees, provide security and quasi-security, incur liens, dispose of material assets through sale, lease or other methods, pay dividends or distributions on certain of our subsidiaries’ capital stock, repay or transfer certain indebtedness, reduce registered capital, make investments and acquisitions, establish joint ventures, conduct mergers, consolidation and other change-of-control transactions, and file for bankruptcy or dissolution. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. See “Financial Information—Indebtedness—Trust and other financing arrangements.”

RISK FACTORS

Moreover, our trust and other financings are generally secured by our equity interests in the relevant project subsidiaries, and/or land use rights or development projects. If we 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—Trust and other financing arrangements” for details.

In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development, 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 regulations, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future financing agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may demand for early repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. 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 flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We are a holding company and rely primarily 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 subsidiaries, joint ventures or associates to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our businesses through our operating 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. If our subsidiaries, joint ventures and associates incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted.

According to the PRC laws and regulations, companies may only pay dividends out of distributable profits, which are net profit of our PRC subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Failure by our operating subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

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

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

RISK FACTORS

Lastly, substantially all of our revenue is denominated in Renminbi. 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. 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. Under existing PRC foreign exchange regulations, the Renminbi is convertible without prior approval from 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 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 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.

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

We have established a number of joint ventures and associates to jointly develop property projects. The performance of such joint ventures and associates may affect our results of operations and financial position. In 2017 and 2018, our share of losses of joint ventures were RMB5.2 million and RMB32.7 million, respectively. In 2019, our share of profits of joint ventures were RMB3.8 million. For the five months ended May 31, 2019 and 2020, our share of losses of joint ventures were RMB34.9 million and RMB39.4 million. In 2017, 2018 and 2019 and for the five months ended May 31, 2019 and 2020, our share of losses of associates were RMB5.0 million, RMB12.5 million, RMB7.0 million, RMB10.6 million and RMB8.2 million, respectively. See “Financial Information—Results of Operations from Continuing Operations.”

The success of a joint venture or an associate depends on a number of factors, some of which are beyond our control. We may not be able to force our partners to fully perform their obligations to us pursuant to our cooperation agreements. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associates or even suffer losses. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our business partners in relation to our joint ventures and associates. We cannot assure you that we will not have material disputes with our business partners in relation to our joint ventures and associates in the future. In addition, since we may not have full control over the business and operations of our joint ventures and associates, we cannot assure you that they 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 PRC laws and regulations, which may have an adverse effect on our business, results of operation and financial condition.

RISK FACTORS

Even if profits of our joint ventures and associates are recognized, we may not receive any final remittance of surplus funds, which is typically in the form of dividend distribution and there is no cash inflow to us until distribution of dividends. Declaration of dividends will be at the discretion of the boards and shareholders of the joint ventures and associates and therefore may not be entirely within our control. Accordingly, our investments in these joint ventures and associates are not as liquid as our investments in our own subsidiaries. Moreover, payments of dividends by our joint ventures and associates may be subject to restrictions under PRC laws or covenants contained in agreements such as credit facility agreements to which they are subject. As we invest and continue to invest in joint ventures and associates for property development projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future joint ventures or associates, which could materially and adversely affect our ability to conduct our business.

We may not be able to recover our receivables.

We may record significant amounts of receivables from time to time. For example, we recorded prepayments for acquisition of land use rights amounting to RMB1,152.6 million as of May 31, 2020 in connection with the land parcels for which we had entered into land grant contracts but yet to receive the relevant land use rights certificates. In connection with certain value added tax and tax surcharge we prepaid, we recorded other tax recoverable in the amount of RMB148.2 million, RMB517.6 million, RMB967.5 million and RMB1,122.2 million as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. In connection with the advances from certain project companies to their non-controlling shareholders, we recovered amounts due from non-controlling shareholders of the subsidiaries in the amount of RMB93.6 million, RMB378.9 million, RMB439.9 million and RMB520.9 million as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Prepayments, deposits and other receivables.” We also recorded amount due from joint ventures in the amount of RMB247.9 million, RMB601.8 million, RMB722.6 million and RMB1,652.0 million as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively, in connection of our support to the business operations of our joint ventures. See note 41 to the Accountants’ Report included in Appendix I to this document. We make periodic assessments on the recoverability of our receivables based on historical settlement record and past experience. However, the risk of recoverability is inherent in our outstanding balances receivables, as the ability of recovering these receivables depends on a number of factors, some of which are beyond our control. As a result, we may not be able to recover the receivables, which may have a material adverse effect on our business, results of operations and financial position.

RISK FACTORS

There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.

We recorded deferred tax assets of RMB90.2 million, RMB363.2 million, RMB676.1 million and RMB896.4 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 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 recognized 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 certain factors beyond our control, such as macro 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.

Any material expenses incurred may adversely affect our results of operations.

We may incur material expenses from time to time. For example, in 2017, we incurred losses on impairment of assets in the amount of RMB22.6 million which mainly consisted of our provision of bad debts due from Independent Third Parties to us. In 2017, 2018, 2019 and the five months ended May 31, 2019 and 2020, we incurred penalties in the amount of RMB2.3 million, RMB53.9 million, RMB19.6 million, RMB16.2 million and RMB12.1 million, which mainly included the penalty expenses in relation to the non-compliance incidents disclosed in “Business—Legal Proceedings and Compliance—Non-Compliance Incidents” and other penalty expenses, such as other administrative penalty payments, damages, compensations and expenses incurred due to breach of contracts, and late fees. In 2018, we recorded financial guarantees contracts loss in the amount of RMB8.0 million arising from the financial guarantees we provided to an Independent Third Party who is a general contractor of us. See “Financial Information—Description of Certain Line Items of Our Consolidated Statements of Profit or Loss—Other Expenses.” We cannot assure you that we will not incur similar expenses or additional expenses arising from other reasons in the future. If we incur significant expenses, our results of operations and profitability may be adversely affected.

RISK FACTORS

RISKS RELATING TO THE PROPERTY INDUSTRY IN CHINA

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 rate, setting pre-sale unit price, 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; for example, the PRC Government may raise benchmark interest rates in parallel with national economic growth. This could effectively increase mortgage rates for our customers and our financing costs. See “—Risks Relating to Our Business—We are susceptible to the effects that interest rate hikes may have on our customers’ mortgage rates and our financing costs.”

There can also be no assurance that the PRC Government will relax the current restrictive measures, nor can we assure that the PRC Government will not promulgate and enhance restrictive measures in the future. We currently do not expect material adverse impact on our general operation from the above restrictive measures because our strict control of land cost and our target customers, first-time home buyer and home upgrade buyer, are less impacted by the restrictive measure. If we fail to adapt to new laws, regulations and measures that may come into effect from time to time with adverse impact on our business, our financial condition, results of operations and prospects may be materially and adversely affected.

RISK FACTORS

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 developments. In the second half of 2008 and in 2009, in order to combat 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, including:

- abolishing certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land premium by property developers;
- requiring higher minimum down payment, granting the right to commercial banks to stop lending, punishing speculative developers and requiring mandatory disclosure of property ownership;
- imposing property purchase restrictions on non-local residents, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers, and increasing mortgage interest rates and construction loan interest rates;
- restricting purchasers from purchasing and owning more than one residential properties, and in certain cities imposing property purchase restrictions on non-local residents that cannot provide any proof of local tax or social security payments for more than a specified time period;
- Under the guidance of the “Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities” (國務院關於堅決遏制部分城市房價過快上漲的通知) in April 2010, most of the first- and second-tier cities adopted the relevant local regulations in restricting the maximum number of properties each resident is allowed to purchase;
- launching new property tax schemes in certain cities on a trial basis, and levying business tax on the full amount of transfer price if an individual owner transfers a residential property within five years of purchase.

In August 2011, 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.

RISK FACTORS

On February 26, 2013, the General Office of the State Council issued the Notice on Further Regulating Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which 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. However, home purchase restriction policies have been relaxed recently.

On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the Notice 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). 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, NDRC, CSRC, Ministry of Finance, Ministry of Housing and Urban-Rural Development, Ministry of Public Security, MLR, SAT, SAIC and PBOC jointly issued the Notice on Accelerating the Development of Renting Market in Large and Medium-sized Cities with Influx Population (關於在人口淨流入的大中城市加快發展住房租賃市場的通知), promoting the development of renting market through multiple channels, such as increasing the land banks to be granted for renting houses, encouraging the ancillary renting houses in new commodity properties. The promotion on 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.

RISK FACTORS

In the event that the PRC Government restricts our ability to conduct pre-sales, we may lose a major source of funding for our property development projects.

Our revenue from pre-sales is a major source of funding for our property development projects. However, in August 2005, the PBOC issued the “2004 Real Estate Financing Report” recommending that the practice of pre-selling properties be discontinued. The reasoning was that pre-sales may create market risks and transactional irregularities. We cannot guarantee that the PRC Government will not adopt this recommendation or impose additional restrictions on pre-sales going forward. Under current PRC laws and regulations, we are required to fulfill certain conditions prior to commencing pre-sales. Additionally, we are also only able to use our proceeds to finance construction of properties to which individual pre-sales relate. 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 our property development projects. Alternative sources of funding may not be available to us on favorable terms or at all, and we may suffer material and adverse effects on our business and results of operations.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available to purchasers.

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers’ affordability of properties. In addition, the PRC government and commercial banks may increase the down-payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market.

- In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market, which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level.
- In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110% of the PBOC benchmark lending rate.

RISK FACTORS

- In May 2010, MOHURD, PBOC and CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser’s spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans.
- On September 29, 2010, PBOC and CBRC jointly issued a notice, under which the minimum down-payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer’s third or subsequent residential properties.
- In January 2011, the State Council issued a circular to further raise the minimum down-payment requirement for second home purchases to 60%. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the borrower’s monthly income or if the total debt service of the borrower would exceed 55% of such individual’s monthly income.
- Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. Then on September 29, 2014, PBOC and CBRC jointly issued the “Notice of the People’s Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services” (中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property.

See “Regulatory Overview—Measures on Stabilizing Housing Price.” If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

Restrictions on foreign investment may materially and adversely affect our ability to invest in our PRC subsidiaries.

In order to curtail overheating in the real estate industry, the PRC government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. The foregoing restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition. In addition, the PRC Government may impose additional conditions toward establishing foreign-invested real estate enterprises and tighten foreign exchange controls. Such measures may materially and adversely affect our ability to invest in our PRC subsidiaries, and therefore hamper the growth of our business. Our PRC subsidiaries may be forced to search for other sources of financing, which may not be available on favorable terms or at all.

Increasing competition in the PRC, particularly from national and regional property developers in Sichuan and other cities where we operate or intend to operate, may adversely affect our business and financial condition.

The real estate market in Sichuan and other cities where we have existing operations, or intend to operate, is intensely competitive. In recent years, a large number of property developers have undertaken property development and investment projects in these cities. Our competitors include property developers who operate on a national, regional and local scale as well as those that come from overseas, some of which may have better track records and greater financial and other resources than us. In addition, we also compete with small local property developers. We may face intense competition in procuring land, financing, raw materials and skilled management and labor resources, which may result in increased cost for land, construction and operation cost.

Our efforts to achieve market acceptance and brand recognition may require us to reduce prices for our properties, while competitive pressures steadily increase our cost of sales. There is no assurance that we will be able to pass additional costs on to our customers. Indeed, our ability to do so is limited as our costs may not increase until after our pre-sales. Failures to compete effectively may diminish our sales and erode our market share, which could in turn materially and adversely affect our business, financial condition, results of operations and competitive position.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN CHINA

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

We manage all of our business operations from our headquarters in Chengdu, Sichuan province. Accordingly, our financial condition, results of operations and prospects are, to a significant degree, subject to the economic, political, social and legal conditions in China. The PRC economy differs from that of most developed countries in many respects, including the extent of government involvement, level of economic development, uniformity in the implementation and enforcement of law, control over capital investment, resource allocation, growth rate and control over foreign exchange.

The PRC economy has been transitioning from a centrally planned economy to a more market- oriented economy with socialist characteristics. For the past four decades, the PRC Government has implemented economic reform measures to utilize market forces in the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

Many of the reform measures carried out by the PRC government are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may lead to further readjustment or introduction of other reform measures. This reform 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 which 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.

RISK FACTORS

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn has affected the PRC real estate industry and many other industries. On 6 August 2011, S&P downgraded the rating for long-term United States debt to “AA +” from “AAA” for the first time in 70 years. The downgrade of United States debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, has slowed the pace of the global economic recovery and could lead to another global economic downturn and financial market crisis.

In addition, the outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt; the effect of the exit of the United Kingdom from the European Union (the “Brexit”) remains uncertain. In the United States, the recovery in the housing market remains subdued. There are talks of trade tariffs on goods imported from China to the United States and a possibility of a trade war between the United States and China if negotiations fail to resolve trade issues amicably. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, the overall PRC economy, which would in turn affect homeowners and potential property purchasers, thus leading to a decline in the general demand for our products and erosion of their sale prices.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may limit our ability to use the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries.

In utilizing the [REDACTED] from the [REDACTED] or any further [REDACTED], as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government approvals or registration on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries. If we fail to receive such registrations or approvals, our ability to use the [REDACTED] of the [REDACTED] and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

RISK FACTORS

Fluctuations in exchange rates may have a material and adverse impact on our business and the value of distributions by our PRC subsidiaries.

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, as well as the currency’s supply and demand in local and international markets. 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 May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 19, 2007. On June 19, 2010, the PBOC announced its intention to proceed with the reform of the Renminbi exchange rate regime to increase the Chinese currency’s exchange rate flexibility. The floating band was further widened to 1.0% on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 32.7% from July 21, 2005 to June 30, 2015. 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 [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact 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 [REDACTED] or [REDACTED] from future financing efforts to fund our operations. Conversely, significant depreciation of the Renminbi may increase the cost of converting our Renminbi- denominated cash flow into Hong Kong dollars, thereby reducing the amount of cash available for paying dividends on our Shares or carrying out other business operations.

RISK FACTORS

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

On May 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.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and registration with the MOFCOM, 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. We cannot assure you that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

Furthermore, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, funds raised outside of China in 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.

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 and epidemics.

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 or epidemics such as Ebola, Severe Acute Respiratory Syndrome (SARS), H1N1 influenza, H5N1 influenza, H7N9 influenza H3N2 influenza and COVID-19. Specifically, the outbreak and national spread of COVID-19 may continue affecting the overall PRC economy, and accordingly our results of operations, if COVID-19 persists or even escalates. 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 and financial markets. In addition, some regions in the PRC, including certain areas where we operate, such as Sichuan province, are under the threat of earthquake, flood, fire, drought or epidemics. 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.

RISK FACTORS

Our business operations may be affected by the outbreak of COVID-19.

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was identified in Wuhan city, Hubei province, China in late 2019. On January 23, 2020, the PRC government announced the lockdown of Wuhan city in an attempt to curb the spread of COVID-19. Since then, measures including travel restrictions and mandatory 14-day quarantines for travelers and returnees, whether infected or not, had been imposed in other major cities in the PRC in an effort to contain the COVID-19 outbreak. On March 12, 2020, the World Health Organization (the “WHO”) declared the outbreak of COVID-19 a pandemic. COVID-19 had subsequently spread to more than a hundred countries and regions around the world, with death toll and number of infected cases continued to rise. The COVID-19 pandemic is likely to have an adverse impact on the overall economy of the PRC as well as the property market, and as a result an adverse impact on our business operations. It remains uncertain as to whether COVID-19 will be contained within a short timeframe. In the event that the COVID-19 pandemic is not effectively controlled, our business operations and financial positions may be materially adversely affected resulting from adverse changes in the overall economy of the PRC, outlook of the property market, slowdown in economic growth, negative business sentiment and/or any other unforeseeable trends or events caused thereby. See “Business—Effects of the COVID-19 Pandemic.”

Uncertainties with respect to the PRC legal system and the current legal environment in China could limit the legal protection available to you.

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.

RISK FACTORS

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

The Company is incorporated in the Cayman Islands. All of our assets are located in China and 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 of 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) (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 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. 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 further amended on 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.

RISK FACTORS

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) (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 of 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 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)) (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 of 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. 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, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, 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. 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

RISK FACTORS

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.

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.

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) (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 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) (the “**Circular 13**”), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and 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.

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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 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 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 MOFCOM on August 25, 2011 and effective from September 1, 2011 (“**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 MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from 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 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

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and their liquidity and market price following the [REDACTED] may be volatile.

Prior to the [REDACTED], there was no public market for our Shares. The indicative [REDACTED] range and the [REDACTED] will be determined by negotiations between us and the [REDACTED] (on behalf of the [REDACTED]), and they may differ significantly from the market price of our Shares following the [REDACTED].

We have applied to [REDACTED] and [REDACTED] 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; or (ii) if such a trading market does develop, it will be sustained following completion of the [REDACTED]; or (iii) the market price of our Shares will not decline below the [REDACTED]. 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;
- 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.

RISK FACTORS

Potential investors will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financings.

The [REDACTED] 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 [REDACTED]. If we were to distribute our net tangible assets to our Shareholders immediately following the [REDACTED], 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 [REDACTED]. However, after six months from the [REDACTED] 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.

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. See “[REDACTED] Arrangements and Expenses.” However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. If the existing Shareholders sell substantial number of our Shares after the lock-up undertaking lapse, or if the undertaking is waived or breached, the market prices of our Shares and our ability to raise equity capital in the future could materially and adversely affect.

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 guarantee 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.

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Our management has significant discretion as to how to use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the [REDACTED] from the [REDACTED] 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 [REDACTED] from this [REDACTED]. See “Future Plans and [REDACTED].”

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 the Company and Cayman Islands Company Law—3. Cayman Islands Company Law.”

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 [REDACTED].

Immediately after the [REDACTED], our Controlling Shareholders will directly or indirectly control the exercise of [REDACTED]% of voting rights in the general meeting of the Company. 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.

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Since there will be a gap of several days between the pricing and trading of our [REDACTED], the price of our [REDACTED] could fall below the [REDACTED] when trading commences.

The [REDACTED] of our Shares will be determined on the [REDACTED], which is expected to be on or around [REDACTED]. However, our Shares will not commence trading on the Stock Exchange until the [REDACTED], which is expected to be on [REDACTED]. Accordingly, investors may not be able to sell or deal in our Shares during the [five] business days between the [REDACTED] and the [REDACTED]. 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 [REDACTED] and the [REDACTED].

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

Certain facts, forecasts and statistics in this document 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 [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] 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 of 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 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.

RISK FACTORS

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

This document 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 document, 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 document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, 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 document carefully and not consider or rely on any particular statements in this document or in published media reports without carefully considering the risks and other information in this document.

Prior or subsequent to the publication of this document, there has been or may be press and media coverage regarding us and the [REDACTED], in addition to marketing materials we published in compliance with the Listing Rules. Such press and media coverage may include references to information that do not appear in this document 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 document, we expressly disclaim it. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the [REDACTED].

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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

MANAGEMENT PRESENCE

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 headquarter 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. Liu Yuhui, our executive Director and the chairman of our Board, and Ms. Mak Po Man Cherie (“**Ms. Mak**”), our joint company secretary, who will act as our Company’s principal channel of communication with the Stock Exchange. Ms. Mak is ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Ms. Mak has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;
- (b) both of our authorized representatives have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors 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/or email address to our authorized representatives. 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 or maintain an open line of communication via his/her mobile phone. Our Directors and authorized representatives have also provided his/her mobile number, office phone number, fax number and email address to the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

- (c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Giraffe 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 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 and/or the compliance advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance Letter HKEX-GL 108-20 issued by the Stock Exchange, 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. Luo Changlin (羅昌林) (“**Mr. Luo**”) and Ms. Mak as our joint company secretaries. Mr. Luo is our executive Director and chief financial officer and is responsible for managing the financial operations and cost control of our Group. He has over 20 years of experience in financial management. Our Directors are of the view that, having regard to Mr. Luo’s thorough understanding of the financial operations and overall management of our Group, he is therefore considered as a suitable person to act as a company secretary of the Company. In addition, as our headquarter and principal business operations are located in Chendu, Sichuan province, the PRC, our Directors believe that it is necessary to appoint Mr. Luo as a company secretary whose presence in Chengdu enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, as Mr. Luo 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 [REDACTED] issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, our Company has appointed Ms. Mak, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to provide support to Mr. Luo on an ongoing basis.

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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 on the condition that Mr. Luo will be assisted by Ms. Mak as our joint company secretary throughout the three-year period from the [REDACTED]. Being a vice president of SWCS Corporate Services Group (Hong Kong) Limited, and by virtue of her experience in corporate secretarial practice, Ms. Mak is, in our Directors’ opinion, a person who is qualified and suitable to provide assistance to Mr. Luo for the three-year period from the [REDACTED] so as to enable him to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge his duties. In addition, Mr. Luo 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 [REDACTED]. Our Company will further ensure that Mr. Luo 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 [REDACTED] on the Stock Exchange.

Such waiver will be revoked immediately if and when Ms. Mak ceases to provide such assistance or the Company commits any material breaches of the Listing Rules during the three-year period from the [REDACTED]. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Luo, having had the benefit of Ms. Mak’s assistance for three years, will have acquired the 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. Luo and Ms. Mak is set out in “Directors and Senior Management”.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement”. See “Connected Transactions.”

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POST-TRACK RECORD PERIOD ACQUISITION

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, a new [REDACTED] applicant is required to include in its accountants’ report in the [REDACTED] document the results and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the listing applicant have been made up in respect of each of the three financial years immediately preceding the issue of the [REDACTED] document, or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to Note 4 of Rule 4.04(4)(b) of the Listing Rules, the Stock Exchange may consider a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

For the purpose of expanding its business, our Group has entered into an agreement to acquire equity interest in a company which was not completed during the Track Record Period, details of which are set out below.

Acquisition of equity interest in Chengdu Jingling Yinghe Real Estate Co., Ltd. (成都京領英赫置業有限公司) (“Jingling Yinghe”)

On August 14, 2019, Meishan Leading Real Estate entered into an equity transfer agreement with, among others, Beijing Yinghe Century Real Estate Co., Ltd. (北京英赫世紀置業有限公司) (“**Beijing Yinghe**”), an Independent Third Party wholly owned by BOE Technology Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 000725)) and principally engaged in property investment, pursuant to which Meishan Leading Real Estate agreed to acquire 5% of the equity interest in Jingling Yinghe from Beijing Yinghe at a consideration of approximately RMB7.4 million (the “**Acquisition**”). The consideration was determined based on arm’s length negotiation mainly with reference to the estimated land premium of the land parcels held by Jingling Yinghe of RMB52.1 million and the then registered capital of Jingling Yinghe as of the date of the equity transfer agreement, which was adjusted by the actual value of the property as of the price determination date of the Acquisition. The Acquisition was completed on August 3, 2020 and the consideration had been fully settled by internal resources of our Group.

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Jingling Yinghe is a company established in the PRC on August 19, 2019. As of the Latest Practicable Date, Jingling Yinghe had no operation and was holding the land parcels for future development. Prior to the completion of the Acquisition, Jingling Yinghe was owned as to 50% by Jiaxing Xinxi Equity Investment Partnership (LP) (嘉興信喜股權投資合夥企業(有限合夥)) (“**Jiaxing Xinxi**”), an Independent Third Party, 45% by Meishan Leading Real Estate and 5% by Beijing Yinghe with a registered capital of RMB100 million. According to the unaudited management accounts of Jingling Yinghe, its total assets amounted to approximately RMB870.9 million as of December 31, 2019. For the year ended December 31, 2019, Jingling Yinghe recorded nil revenue and a net loss of approximately RMB2.1 million.

The Acquisition was completed on August 3, 2020. Upon completion, Jingling Yinghe became owned as to 50% by Meishan Leading Real Estate and 50% by Jiaxing Xinxi and was accounted for as a joint venture of our Company.

Reasons for and Benefits of the Acquisition

The reasons for and benefits of the Acquisition are to expand our market share through acquisitions of equity interests in a project company and to obtain land use right of the land parcels so as to enable of our Group to further develop property projects.

Having taken into account of the above factors, our Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Application for waiver

Pursuant to Note 4 of Rules 4.04(4)(b) of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the preparation of financial statements in respect of the Acquisition on the following grounds:

- (a) **Ordinary and usual course of business**—the Acquisition is in the ordinary and usual course of business of our Group as it is one of its principal business strategies to expand its market share through acquisitions of local players in the property development industry. The consideration of the Acquisition was determined through arm’s length negotiations between the parties and on normal commercial terms with reference to various factors including the estimated land premium of the land parcels and the registered capital of Jingling Yinghe. Our Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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- (b) **Immateriality of target company**—the scale of businesses operated by Jingling Yinghe as compared to that of our Group is not material. Based on the financial information of Jingling Yinghe available to us according to its unaudited management accounts for the year ended December 31, 2019, all the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition referenced against the financials of our Company in the most recent financial year of the Track Record Period are less than 5% (and in each case no more than 0.1%). The Acquisition is not significant enough to require our Company to prepare pro forma financial information under Rule 4.28 of the Listing Rules.

Accordingly, our Directors believe that (i) the Acquisition is immaterial when compared to the scale of our Group’s operations as a whole; (ii) the Acquisition has not resulted in any significant change to the financial position of our Group since December 31, 2019; and (iii) all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this document. As such, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investing public.

- (c) **Unavailability of information**—as Jingling Yinghe was only established in August 2019, no historical financial information for the full year ended December 31, 2019 is available. Despite the Acquisition having been completed on August 3, 2020, given Jingling Yinghe is owned as to 50% by our Group, we do not have such access to the financial records of Jingling Yinghe. As such, it would be impracticable for our Company to disclose the audited financial information of Jingling Yinghe in this document as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.
- (d) **Disclosure of necessary information in this document**—with a view to allowing the potential investors to understand the Acquisition in greater details, we have included in this document the following information regarding the Acquisition, which is comparable to the information that is required to be included in the announcement of a disclosable transaction under Chapter 14 of the Listing Rules, which includes:
- (i) description of the principal business activities of Jingling Yinghe and the vendor;
 - (ii) confirmation that the vendor is an Independent Third Party;

**WAIVERS FROM STRICT COMPLIANCE WITH
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- (iii) the date of the Acquisition;
- (iv) the consideration of the Acquisition, how the consideration was satisfied and the basis upon which the consideration was determined; and
- (v) the reasons for the Acquisition and the benefits which are expected to accrue to our Group as a result of the Acquisition.

As the consideration with respect to the Acquisition was fully settled utilizing internal resources of our Group, we did not apply any [REDACTED] from the [REDACTED] to finance the Acquisition.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Liu Yuhui (劉玉輝)	Building 132, No. 2599 South Section of Tianfu Avenue Huayang Street Tianfu New District Chengdu PRC	Chinese
Mr. Luo Changlin (羅昌林)	Room 601, Building 6 Phase 3, Meili City No. 2 Vanke Road Chenghua District Chengdu PRC	Chinese
Ms. Zeng Xurong (曾旭蓉)	Room 602, Unit 2, Building 2 No. 450 Zhaojing Road Wuhou District Chengdu PRC	Chinese
Ms. Hou Xiaoping (侯小萍)	No. 2101, 21/F, Unit 1, Block 1 No. 7, Section 1, Huafu Avenue Huayang Street, Tianfu New District Chengdu PRC	Chinese
<i>Independent non-executive Directors</i>		
Ms. Jin Xu (金旭)	No. 68, Lane 599 Lvhu Road Zhujiajiao Town Qingpu District Shanghai PRC	Chinese

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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Ms. Liang Yunxing (梁運星)	50/F, District W Longcheng Garden Huilongguan Changping District Beijing PRC	Chinese
Mr. Fang Min (方敏)	Room 302, Block 15 Zone 3, Xiaojiahe Teacher’s Residence Peking University Haidian District Beijing PRC	Chinese

For further details of our Directors and senior management members, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	CCB International Capital Limited 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong

[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]

Legal advisors to the Company	<i>As to Hong Kong law:</i> Sidley Austin Level 39 Two International Finance Centre 8 Finance Street Central Hong Kong

As to PRC law:
Commerce & Finance Law Offices
6F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing
China

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong law:

Paul Hastings

21–22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
China

Auditor and reporting accountant

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Industry consultant

China Index Academy

Tower A
No.20 Guogongzhuang Middle Street
Fengtai District
Beijing
China

Independent property valuer

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

7th Floor, One Taikoo Place
979 King’s Road
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarter and principal place of business in the PRC	46/F, Tower A Leading International Finance Center No.151, 2nd Tianfu Street Gaoxin District Chengdu, Sichuan Province PRC
Principal place of business in Hong Kong	40th Floor, Sunlight Tower No. 248 Queen’s Road East Wanchai Hong Kong
Company’s website	<u>www.leading-group.com</u> <i>(The information on the website does not form part of this document)</i>
Joint company secretaries	Mr. Luo Changlin (羅昌林) Room 601, Building 6 Phase 3, Meili City No. 2 Vanke Road Chenghua District Chengdu PRC Ms. Mak Po Man Cherie (麥寶文) (ACIS, ACS, ACCA, CPA) 40th Floor, Sunlight Tower No. 248 Queen’s Road East Wanchai Hong Kong

CORPORATE INFORMATION

Authorized representatives

Mr. Liu Yuhui (劉玉輝)
Building 132, No. 2599
South Section of Tianfu Avenue
Huayang Street
Tianfu New District
Chengdu
PRC

Ms. Mak Po Man Cherie (麥寶文)
40th Floor, Sunlight Tower
No. 248 Queen’s Road East
Wanchai
Hong Kong

Audit Committee

Ms. Liang Yunxing (梁運星) (*Chairperson*)
Ms. Jin Xu (金旭)
Mr. Fang Min (方敏)

Remuneration Committee

Ms. Jin Xu (金旭) (*Chairperson*)
Ms. Liang Yunxing (梁運星)
Mr. Liu Yuhui (劉玉輝)

Nomination Committee

Mr. Liu Yuhui (劉玉輝) (*Chairperson*)
Ms. Jin Xu (金旭)
Ms. Liang Yunxing (梁運星)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Compliance advisor

Giraffe Capital Limited
3rd Floor
8 Wyndham Street
Central
Hong Kong

CORPORATE INFORMATION

Principal banks

**Agricultural Bank of China,
Chengdu Tongzilin Branch**
No. 6 Tongzilin North Road
Chengdu
Sichuan Province
PRC

**Agricultural Bank of China,
Chengdu Zijin Branch**
66 Zijin East Road
Chengdu
Sichuan Province
PRC

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this document have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by China Index Academy in connection with the [REDACTED]. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect. None of our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any other party involved in the [REDACTED] or their respective directors, advisers and affiliates have independently verified such information and statistics, except for China Index Academy. Accordingly, none of our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any other party involved in the [REDACTED] or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this document, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC, except for China Index Academy. Certain information and statistics included, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties. As such, the official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the PRC economy when you evaluate the information contained in this section.

SOURCES OF INFORMATION

In connection with the [REDACTED], we commissioned China Index Academy, an independent third party and an experienced property research institution in the PRC, to prepare the China Index Academy Report as to the real estate markets in China and the regions and cities in which we currently operate. We paid a total consideration of RMB400,000 for this report, which we believe is in line with the market rate.

China Index Academy is the leading independent property research institution with offices in major cities nationwide. Currently, China Index Academy has more than 600 outstanding data researchers and professional analysts covering real-time property transaction data in more than 600 cities across China.

China Index Academy has prepared the industry report based on its self-developed database, CREIS China Index Database (“CREIS 中指數據庫”), the database of fdc.fang.com and various government publications. These databases and government publications have been widely used and relied upon in the PRC property market.

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While preparing the industry report and regional ranking information, China Index Academy has relied on the assumptions that (i) all published data by the Statistics Bureaus are accurate; (ii) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, China Index Academy has relied upon the expertise of such institutions. To provide a meaningful comparison of the economic and real estate market conditions of the regions and cities, China Index Academy did not include the 2019 data for certain regions of which such data were available, as the 2019 data at the city level had not generally become available as of the Latest Practicable Date.

OVERVIEW OF THE PRC ECONOMY

China has experienced significant economic growth over the last decade with an annual growth rate of approximately 10.0% which has accelerated fixed assets investment during the same periods. In recent years, the PRC economic development has transitioned from one that focused on scale and speed of its growth to one that focuses on the quality and efficiency of the development. Since 2014, the real GDP growth of the PRC has started to moderate and the real GDP growth rate decreased slightly. As of 2019, the GDP reached RMB99,086.5 billion and the CAGR of the past five years was 9.1%.

Urbanization in the PRC has been accelerating and expanding in the past decade as evidenced by rapidly increasing urban population and urbanization rate, serving as a strong driver for domestic economic growth, particularly, for the real estate industry. As of 2019, the urban population reached 848.4 million, representing 60.6% of China’s total population. The robust growth of the PRC economy and the acceleration of urbanization process have contributed to the continuous increase in the per capita disposable income of urban households, with a CAGR over the past five years of approximately 8.0%.

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

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion)	64,128.1	68,599.3	74,006.1	82,075.4	90,031.0	99,086.5	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)	51,202.1	56,200.0	60,646.6	64,123.8	64,567.5	55,147.8	1.5%
Resident population (million)	1,367.8	1,374.6	1,382.7	1,390.1	1,395.4	1,400.1	0.5%
Urban population (million)	749.2	771.2	793.0	813.5	831.4	848.4	2.5%
Urbanization rate (%)	54.8	56.1	57.4	58.5	59.6	60.6	N/A
Per capita disposable income							
of urban households (RMB)	28,844.0	31,195.0	33,616.0	36,396.0	39,251.0	42,359.0	8.0%

Source: National Bureau of Statistics, CREIS China Index Database

INDUSTRY OVERVIEW

THE PRC REAL ESTATE MARKET

Overview

In line with the growth of the PRC economy, the continual increase in per capital disposable income and the increase in urban population, real estate investment in the PRC has increased rapidly. The PRC government implemented a series of macro regulation policies in 2015 to put constraints on the property market. Despite the macro-control policy changes, total investment in the PRC property market increased from approximately RMB9,503.6 billion in 2014 to RMB13,219.4 billion in 2019, representing a CAGR of approximately 6.8%. There was an aggregate GFA of 2.3 billion sq.m. which commenced construction in 2019, representing a 8.5% growth from 2018. The aggregate GFA of the commodity properties sold in 2019 amounted to 1.7 billion sq.m., representing a marginal decrease of 0.1% from 2018. The growth rate in terms of aggregate GFA that commenced construction decreased and the aggregate GFA of the commodity properties sold slightly decreased primarily as a result of the continuous macro-control policies over the real estate market in the PRC in 2019.

The following table sets forth the relevant data relating to the real estate market in the PRC for the periods indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Total real estate investment (RMB billion).	9,503.6	9,597.9	10,258.1	10,979.9	12,026.4	13,219.4	6.8%
Residential properties							
Investment in residential properties (RMB billion).	6,435.2	6,459.5	6,870.4	7,514.8	8,519.2	9,707.1	8.6%
GFA of residential properties sold (million sq.m.)	1,051.9	1,124.1	1,375.4	1,447.9	1,479.3	1,501.4	7.4%
GFA of residential properties completed (million sq.m.)	808.7	737.8	771.9	718.2	660.2	680.1	-3.4%
ASP of residential properties (RMB/per sq.m.)	5,933	6,472	7,203	7,614	8,544	9,287	9.4%
Commercial properties							
Office							
Investment in office properties (RMB billion).	564.1	621.0	653.3	676.1	599.6	616.3	1.8%
GFA of office properties sold (million sq.m.)	25.0	29.1	38.3	47.6	43.6	37.2	8.3%
GFA of office properties completed (million sq.m.)	31.4	34.2	36.3	40.1	38.8	39.2	4.5%
ASP of office properties (RMB/per sq.m.)	11,826	12,914	14,334	13,532	14,387	14,325	3.9%
Retail							
Investment in retail properties (RMB billion).	1,434.6	1,460.7	1,583.8	1,564.0	1,417.7	1,322.6	-1.6%
GFA of retail properties sold (million sq.m.)	90.8	92.5	108.1	128.4	119.7	101.7	2.3%
GFA of retail properties completed (million sq.m.)	120.8	120.3	125.2	126.7	112.6	108.1	-2.2%
ASP of retail properties (RMB/per sq.m.)	9,817	9,561	9,786	10,322	11,151	10,955	2.2%

Source: National Bureau of Statistics, CREIS China Index Database

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In 2019, total GFA of commodity properties sold in the PRC real estate market was 1.7 billion sq.m., representing a decrease by 0.1% compared with the same period of 2018. According to the China Index Academy, the projection of the 2020 PRC real estate market was that total GFA of commodity properties sold would likely decrease by 5.0% to 6.5% compared with 2019. Nonetheless, market demand will stabilize with the potential of increase in the upcoming three to five years, resulting from the on-going urbanization process and the anticipated increase in market demand for home upgrading.

COVID-19 Pandemic’s Impact on PRC Macroeconomic Conditions and Real Estate Markets

According to China Index Academy, the GDP in the first half of 2020 was RMB45.66 trillion, with a year-on-year decrease of 1.6% at comparable prices. The same trend happened in the real estate development industry along with the economic recovery in June. In July, the China Real Estate Climate Index, as a generally-used indicator for the real estate development industry in PRC, recovered to 100.09 from 99.85 in April. According to China Index Academy, the real estate development investment increased by 4.3% year on year in the seven months ended July 31, 2020, whereas the year-on-year increase for the six months ended June 30, 2020 was 1.9%. During the seven months ended July 31, 2020, the year-on-year GFA of residential properties sold and residential property sales decreased by 5.8% and 2.1%, respectively, whereas the decrease rates were 8.4% and 5.4%, respectively, for the first six months of 2020. As of June 30, 2020, almost all of the construction companies and real estate development companies had resumed work. The demand previously suppressed by the COVID-19 pandemic had been released and the real estate transactions in most cities had been gradually recovered.

Overall, although the COVID-19 pandemic has caused a heavy blow on the PRC’s economy and real estate markets, under the circumstances that the COVID-19 had been effectively controlled in the PRC, market trend is expected to return to its normal state while the basic industry maintains normal growth and the return to positive growth in real estate investment will drive the recovery of fixed asset investment. The PRC’s overall economy is likely to experience a positive growth rate in the second half of 2020 and continue to grow.

Recent Developments of Real Estate Policies in the PRC

The real estate market in the PRC is subject to extensive government regulation. In response to the national over-heating phenomenon in the PRC’s real estate market over the past few years, all regions and relevant government agencies in the PRC have released a variety of regulation policies strengthening control on the market. However, some of the restrictive policies and measures seem to be slightly relaxed recently. See “Regulatory Overview.”

Competition in the Real Estate Market in the PRC

The property market in the PRC is highly fragmented and competitive, although as a result of intense competition and economies of scale, market concentration for certain property developers have increased in recent years. Our existing and potential competitors are major domestic and overseas property developers which have a nationwide presence in

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China and compete with us in the regions where we operate, including the major competitors on the list of “China TOP 100 Real Estate Developers (中國房地產百強企業)” by China Real Estate TOP10 Research in 2020. Most of our competitors are listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange. Among the six Sichuan-based property developers included in the list of “China TOP 100 Real Estate Developers” in 2020, we ranked the third. The competitor which ranked the first among the Sichuan-based property developers on the list of “China TOP 100 Real Estate Developers” in 2020 is listed on the Shanghai Stock Exchange. The competitor which ranked the second among the Sichuan-based property developers on the list of “China TOP 100 Real Estate Developers” in 2020 is not a listed company.

China Real Estate TOP10 Research was initiated in 2002 and officially established by China Enterprises Evaluation Association (中國企業評價協會), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy on January 10, 2003. It is committed to the research of real estate enterprises with large scale and brand value in China. It has developed into a team of nearly one hundred researchers, focusing on China TOP10 real estate research. Its research series, such as China TOP100 Real Estate Developers, China TOP10 Real Estate Listed Companies and China Real Estate Brand Value, have become important standards to assess the overall strength and industry position of a real estate developer.

China TOP 100 Real Estate Developers is an annual ranking of China-based property development companies published by China Real Estate TOP10 Research Group accordingly to their overall strengths based on a number of key indicators in several aspects, including scale, profitability, growth, stability, financing capabilities and social responsibilities. The tables below set forth our major competitors who are major property developers in China and Sichuan-based property developers ranked on the list of “China TOP 100 Real Estate Developers” in 2020:

Our Major Competitors Who Are Major Property Developers in China

Ranked on the List of China TOP 100 Real Estate Developers in 2020

	<u>Listing status</u>	<u>Background</u>	<u>Ranking China TOP 100 Real Estate Developers</u>	<u>Revenue in 2019</u> (RMB in million)
Company A	Listed	A Fortune 500 enterprise established in 1997, focusing on real estate development, finance, wellbeing, tourism and sports sectors	First	478,959

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	<u>Listing status</u>	<u>Background</u>	<u>Ranking China TOP 100 Real Estate Developers</u>	<u>Revenue in 2019</u> (RMB in million)
Company B	Listed	A property developer established in 1992, headquartered in Foshan	Second	486,693
Company C	Listed	A property developer established in 1984, focusing on property development and property management services	Third	367,894
Company D	Listed	A state-owned enterprise established in Guangzhou focusing on property investment, development and operation business	Fourth	235,934
Company E	Listed	A property developer established in 2003, focusing on residential and commercial property development	Fifth	171,974
Company F	Listed	A property developer established in Hong Kong in 1979, conducting business in China and other countries and regions	Sixth	164,277
Company G	Listed	A property developer established in Shenzhen under a Fortune 500 enterprise	Eighth	148,298
Company H	Listed	A property developer established in 1993, focusing on property development and commercial property operations	Tenth	151,340
Company I	Listed	A state-owned enterprise established in Beijing with property development as its main business	28th	41,297

Source: China Index Academy

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Our Group and Our Major Competitors Who Are Sichuan-based Property Developers

Ranked on the List of China TOP 100 Real Estate Developers in 2020

	<u>Listing status</u>	<u>Background</u>	<u>Ranking China TOP 100 Real Estate Developers</u>	<u>Revenue in 2019</u> (RMB in million)
Company J	Listed	A property developer established in 1990 and headquartered in Chengdu and Shanghai	21st	39,194
Company K	Unlisted	A property developer established in 1998 and headquartered in Chengdu	42nd	Unavailable ⁽¹⁾
Our Group	Unlisted	A property developer established in 1999 and headquartered in Chengdu	72nd	7,568
Company L	Unlisted	A property developer established in Chengdu in 2003, focusing on real estate business	86th	Unavailable ⁽¹⁾
Company M	Unlisted	A property developer established in Chengdu in 2012, focusing on real estate development, commercial operations and property management services	91st	Unavailable ⁽¹⁾
Company N	Unlisted	A property developer established in Hong Kong in 1992, focusing on real estate development, commercial operations and property management services	92nd	Unavailable ⁽¹⁾

Source: China Index Academy

Note:

- (1) The information on revenue is unavailable as these companies are unlisted and such information is not publicly available.

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We compete with these major competitors in relation to a number of factors, including the ability to acquire land, brand recognition, financial resources, prices, product quality, service quality, ability to react to change in market condition and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater brand recognition, and we may face challenges in maintaining our market position or further enhancing our market position as a result. Furthermore, there are certain barriers to enter into the PRC property development market, including the capital barrier, economy of scale barrier, and product barrier. Property developments require various resources and expertise including intensive capital investment and differentiated product offering. Major property developers also enjoy economies of scale based on their brand value, product, capital and geographic distribution.

SELECTED REGIONAL MARKETS IN THE PRC

Together with the deepening of urbanization, the PRC has gradually established resource-sharing and economically-connected metropolitan clusters. During the “13th Five-Year Planning Period” (“十三五”規劃期間), the PRC expects to form 19 regional metropolitan clusters in total, with each cluster comprising nucleus city and neighboring satellite cities, through convenient transportation and telecommunication system. Currently, five metropolitan clusters are deemed as the regions with the most potential for development: the Yangtze River Delta (長江三角洲), the Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), the Beijing-Tianjin-Hebei Region (京津冀地區), Central China (華中), and the Chengdu-Chongqing Economic Zone (成渝經濟帶). In 2019, the five metropolitan clusters in aggregate contributed to approximately 54.0% of the national GDP and approximately 46.0% of GFA of properties sold in the PRC, with a total resident population amounting to approximately 41.0% of national population. It is expected that further development of metropolitan clusters will enable lower-tier cities to benefit from the inflow of talents, construction of infrastructure and upgrade of industries, resulting in increases in housing demand in these cities.

Through years of development, we have established key project portfolios in some of the major metropolitan clusters, including Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區), and the Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區).

Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province

Chengdu-Chongqing Economic Zone covers 15 cities in Sichuan province including but not limited to Chengdu, Leshan and Meishan, as well as 27 districts/counties in Chongqing. It is positioned as one of the national-level metropolitan clusters, comprising the two most developed cities in west China, Chengdu and Chongqing, and is expected to enable further development of the entire west China area. As of December 31, 2019, Chengdu-Chongqing Economic Zone occupied a total land area of approximately 185,000 million sq.m., with a population of approximately 100.0 million. Chengdu-Chongqing Economic Zone experienced rapid economic growth and its GDP increased from approximately RMB5,800.0 billion in 2018 to RMB6,500.0 billion in 2019, with an annual growth rate of 7.7%. Harboring Chengdu-Chongqing Economic Zone, Sichuan province, with a total

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area of 486,000 million sq.m. and resident population of 83.8 million, also experienced steady economic growth. Nominal GDP of Sichuan province increased from RMB2,853.7 billion in 2014 to RMB4,661.6 billion in 2019, representing a CAGR of 10.3%. Over the years, we have developed selected key markets in this region including Chengdu, Mianyang, Leshan, Meishan, Xichang and Ya'an, and are expanding into Chongqing.

Central China (華中)

Central China covers Henan province, Hubei province and Hunan province with a total area of approximately 560,000 million sq.m.. The Development Plan for Central China Promulgated Under The 13th Five-Year Plan (《促進中西部發展促進中部地區崛起「十三五」規劃》) positioned Zhongyuan Metropolitan Cluster as one of the key trans-provincial metropolitan clusters, the development of which would further enable development of the entire mid-China area. As of December 31, 2019, Central China had a resident population of approximately 225.0 million. Central China (華中) experienced rapid economic growth and its nominal GDP increased from approximately RMB8,935.5 billion in 2014 to RMB13,984.0 billion in 2019, with a CAGR of 9.4%. Over the years, we have developed selected key markets in this region including Jingzhou, Shangqiu, Xuzhou and Zhumadian.

Beijing-Tianjin-Hebei Region (京津冀地區)

Beijing-Tianjin-Hebei Region comprises of Beijing, capital of the PRC, Tianjin, one of the four directly-administered municipalities of the PRC, and several cities in Hebei province, with a total area of approximately 215,000 million sq.m.. Hebei province, though less developed than Beijing and Tianjin, largely benefits from the relocation of industries from Beijing due to geographic proximity. As of December 31, 2019, Beijing-Tianjin-Hebei Region had a resident population of approximately 113.0 million and a GDP of RMB8,500.0 billion. One of the component region, Hebei province, experienced stable economic growth and its GDP increased from approximately RMB2,942.1 billion in 2014 to RMB3,510.5 billion in 2019, with a CAGR of 3.6%. So far, we have developed one market in this region, namely, Chengde.

Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)

The Guangdong-Hong Kong-Macau Greater Bay Area was established pursuant to Guangdong-Hong Kong-Macau Greater Bay Area Development Planning (《粵港澳大灣區發展規劃綱要》) issued in February 2019, aiming to enable further development of the area through leveraging different member cities' respective strengths that are indeed complimentary—cities in the Pearl River Delta (珠江三角洲), such as Shenzhen and Foshan, have developed comprehensive industry systems, whereas Hong Kong and Macau have highly-developed service industries. The Guangdong-Hong Kong-Macau Greater Bay Area had a total resident population of more than 72.6 million as of December 31, 2019, and has been attracting inflows of talents over the recent years. Specifically, in 2019, Shenzhen and Foshan each entertained an increase of resident population of 0.4 million and 0.3 million, respectively. The Guangdong-Hong Kong-Macau Greater Bay Area has also been attracting investments, including investments in properties. Specifically, in 2019, Foshan entertained an increase in property investments of 6%. So far, we have developed selected key markets in this area including Foshan.

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REAL ESTATE MARKET OF SELECTED CITIES IN THE PRC

Chengdu

Chengdu is the technology, trade, finance, and transportation center of Southwestern China, and is a central city of west China. Chengdu occupies a total land area of approximately 14,335.0 million sq.m., and had a resident population of approximately 16.6 million as of December 31, 2019.

Chengdu experienced rapid economic growth and its nominal GDP increased to RMB1,701.3 billion in 2019, with the CAGR of 2014 to 2019 amounting to 11.1%. Disposable income of urban households per capita increased from RMB32,665 in 2014 to RMB45,878 in 2019, representing a CAGR of 7.0%.

The following table sets forth selected economic indicators relating to Chengdu for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion). . . .	1,005.7	1,080.1	1,217.0	1,388.9	1,534.3	1,701.3	11.1%
Real GDP growth rate (%)	8.9	7.9	7.7	8.1	8.0	7.8	N/A
Fixed asset investment (RMB billion).	662.0	700.7	835.3	940.4	834.1	917.5	6.7
Resident population (million). . . .	14.0	14.7	15.9	16.0	16.3	16.6	3.4%
Urbanization rate (%).	70.4	71.5	70.6	71.9	73.1	74.4	N/A
Per capita disposable income of urban households (RMB). . . .	32,665	33,476	35,902	38,918	42,128	45,878	7.0%

Source: Chengdu Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

Real estate investment in Chengdu has experienced an upward trend from 2014 to 2016, and decreased since 2016 to RMB261.2 billion in 2019, with the CAGR of 2014 to 2019 being 3.4%. The following table sets forth key figures relating to the real estate market in Chengdu for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	24.8	24.5	32.8	29.8	26.6	25.6	0.6%
ASP of residential properties (RMB/per sq.m.)	6,536	6,584	7,377	8,597	9,783	11,729	12.4%
Commercial properties							
Office							
GFA of office properties sold (million sq.m.)	1.2	0.9	1.2	2.4	2.7	2.9	19.3%
ASP of office properties (RMB/per sq.m.)	7,894	7,703	8,721	9,983	11,284	9,955	4.7%
Retail							
GFA of retail properties sold (million sq.m.)	2.1	2.3	2.3	3.4	3.2	2.9	6.7%
ASP of retail properties (RMB/per sq.m.)	14,400	12,959	12,799	14,089	16,381	14,065	-0.5%

Source: Chengdu Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

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Leshan

Leshan is an important industrial city of Sichuan province. As of December 31, 2019, Leshan had an area of 12,700 million sq.m., a resident population of approximately 3.3 million, of which urban population was 1.7 million, and an urbanization rate of 53.4%.

Leshan experienced continuous economic growth and its nominal GDP increased from RMB94.5 billion in 2014 to RMB186.3 billion in 2019, representing a CAGR of 14.5%. Disposable income of urban households per capita increased from RMB24,349 in 2014 to RMB36,676 in 2019, representing a CAGR of 8.5%.

The following table sets forth selected economic indicators relating to Leshan for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion)	94.5	103.0	111.7	118.3	125.6	186.3	14.5%
Real GDP growth rate (%)	10.1	10.2	8.4	5.3	7.5	7.6	N/A
Fixed asset investment (RMB billion)	92.3	103.2	116.4	111.1	103.2	115.9	4.6%
Resident population (million)	3.0	3.0	3.0	3.0	3.0	3.3	1.8%
Urbanization rate (%)	40.5	41.9	43.4	32.3	33.9	53.4	N/A
Per capita disposable income of urban households (RMB)	24,349	26,395	28,691	31,130	33,697	36,676	8.5%

Source: Leshan Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

Real estate investment in Leshan grew from RMB12.6 billion in 2014 to RMB22.2 billion in 2019, representing a CAGR of 12.0%. The following table sets forth key figures relating to the real estate market in Leshan for the periods indicated:

	2013	2014	2015	2016	2017	2018	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	2.1	2.4	2.4	2.9	3.5	4	13.8%
ASP of residential properties (RMB/per sq.m.)	4,333	3,863	3,976	3,994	5,320	5,875	6.3%
Commercial properties							
Office							
GFA of office properties sold (thousand sq.m.)	1.0	4.0	1.9	25.1	1.0	21.5	82.1%
ASP of office properties (RMB/per sq.m.)	2,000	5,000	3,684	7,649	7,000	6,419	26.3%
Retail							
GFA of retail properties sold (thousand sq.m.)	75.2	115.8	192.0	332.4	392.2	459.6	43.7%
ASP of retail properties (RMB/per sq.m.)	8,258	8,808	11,776	8,890	8,565	9,428	2.7%

Source: Leshan Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

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Mianyang

Mianyang is located at the north-west of Sichuan province, and is one of the seven central cities of Chengdu-Chongqing Economic Zone. Mianyang is also an important electronic manufacturing center, and the only officially-designated science and technology city (科技城) of the PRC. As of December 31, 2019, Mianyang takes up an area of 20,200 million sq.m., with a resident population of 4.9 million. It also experienced a stable economic growth and its nominal GDP increased from approximately RMB158.0 billion in 2014 to approximately RMB285.6 billion in 2019, representing a CAGR of 12.6%. Disposable income of urban households per capita increased from RMB25,341 in 2014 to RMB37,454 in 2019, representing a CAGR of 8.1%.

The following table sets forth selected economic indicators relating to Mianyang for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion). . . .	158.0	170.0	183.0	207.5	230.4	285.6	12.6%
Real GDP growth rate (%)	9.1	8.6	8.3	9.1	9.0	8.1	N/A
Fixed asset investment (RMB billion).	108.0	115.4	123.0	140.3	129.1	146.7	6.3%
Resident population (million). . . .	4.7	4.8	4.8	4.8	4.9	4.9	0.6%
Urbanization rate (%)	46.5	48.0	49.5	51.0	52.5	54.1	N/A
Per capita disposable income of urban households (RMB).	25,341	27,170	29,407	31,822	34,411	37,454	8.1%

Source: Mianyang Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

Real estate investment in Mianyang experienced a growth from RMB21.1 billion in 2014 to RMB26.2 billion in 2019, representing a CAGR of 4.5%. The following table sets forth key figures relating to the real estate market in Mianyang for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	2.7	3.2	3.7	4.4	4.8	6.0	17.8%
ASP of residential properties (RMB/per sq.m.)	4,239	4,022	4,098	4,631	6,269	6,594	9.2%
Commercial properties							
Office							
GFA of office properties sold (thousand sq.m.)	20.0	10.0	20.0	140.0	20.0	30.0	8.4%
ASP of office properties (RMB/per sq.m.)	5,689	6,021	4,852	3,605	7,118	7,931	6.9%
Retail							
GFA of retail properties sold (million sq.m.)	0.3	0.2	0.2	0.7	0.6	0.7	18.7%
ASP of retail properties (RMB/per sq.m.)	13,606	8,180	11,603	8,775	10,553	8,981	-8.0%

Source: Mianyang Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

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Ya'an

Ya'an is located at the west of Sichuan province. As of December 31, 2019, Ya'an takes up an area of 15,046 million sq.m., with a resident population of 1.5 million and a urbanization rate of 48.4%.

Ya'an experienced a stable economic growth and its nominal GDP increased from approximately RMB46.2 billion in 2014 to approximately RMB72.4 billion in 2019, representing a CAGR of 9.4%. Disposable income of urban households per capita increased from RMB24,435 in 2014 to RMB35,043 in 2019, representing a CAGR of 7.5%.

The following table sets forth selected economic indicators relating to Ya'an for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion). . . .	46.2	50.3	54.5	60.3	64.6	72.4	9.4%
Real GDP growth rate (%)	11.0	9.0	8.1	8.0	8.1	8.0	N/A
Fixed asset investment (RMB billion).	47.1	53.1	55.1	46.1	46.4	51.3	1.7%
Resident population (million). . . .	1.5	1.5	1.5	1.5	1.5	1.5	0.0%
Urbanization rate (%).	41.3	42.6	44.0	45.4	46.9	48.4	N/A
Per capita disposable income of urban households (RMB).	24,435	25,318	27,352	29,732	32,198	35,043	7.5%

Source: Ya'an Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

Real estate investment in Ya'an grew from RMB2.7 billion in 2013 to RMB8.5 billion in 2018, representing a CAGR of 25.8%. The following table sets forth key figures relating to the real estate market in Ya'an for the years indicated:

	2013	2014	2015	2016	2017	2018	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.).	0.5	0.5	0.5	0.5	1.0	1.2	18.9%
ASP of residential properties (RMB/per sq.m.).	4,288	4,154	4,509	4,359	4,663	6,255	7.9%
Commercial properties							
Office							
GFA of office properties sold (thousand sq.m.).	—	3.1	—	13.5	192.2	1.7	N/A
ASP of office properties (RMB/per sq.m.).	—	6,452	—	7,704	6,926	7,059	N/A
Retail							
GFA of retail properties sold (thousand sq.m.).	14.8	63.5	41.4	195.1	118.9	120.1	52.0%
ASP of retail properties (RMB/per sq.m.).	14,595	10,299	8,913	13,731	12,442	12,848	-2.5%

Source: Ya'an Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

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Xichang

Xichang is located at the west of Sichuan province, close to the intersection of Sichuan and Yunnan provinces, and is the capital of Liangshan Yi Autonomous Prefecture (“**Liangshan**”). Xichang is also a political, economic, and cultural and transportation center of the south-west area of Sichuan province.

As of December 31, 2019, Xichang occupies a total land area of approximately 2,655.0 million sq.m., with a resident population of 825,000. The nominal GDP of Xichang has increased from RMB41.9 billion in 2014 to RMB56.7 billion in 2019, representing a CAGR of 6.3%.

The following table sets forth selected economic indicators relating to Xichang for the years indicated:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>CAGR</u>
Nominal GDP (RMB billion). . . .	41.9	42.7	45.7	48.1	50.9	56.7	6.3%
Real GDP growth rate (%)	11.5	2.9	6.3	5.3	7.0	7.5	N/A
Fixed asset investment (RMB billion).	28.3	29.0	32.0	36.1	32.4	33.0	3.1%
Resident population (million). . . .	0.8	0.8	0.8	0.8	0.8	0.8	1.9%
Urbanization rate (%).	55.9	56.9	57.6	58.9	60.5	61.9	2.0%
Per capita disposable income of urban households (RMB).	28,194	29,040	31,343	34,025	36,819	40,055	7.3%

Source: Xichang Municipal Bureau of Statistics, CREIS China Index Database

Real estate investment in Xichang experienced a rapid growth from RMB1.9 billion in 2014 to RMB13.5 billion in 2019, representing a CAGR of 48.0%, contributing 80.8% to the real estate investment of Liangshan. Sale of properties in Xichang market also increased rapidly to RMB14.8 billion in 2019 at an annual growth rate of 14.7%, with the ASP increased by 8.3% to RMB10,423 per sq.m.. GFA of commercial properties sold in Xichang also increased by 6.0% to 1.4 million sq.m. in 2019. The following table sets forth key figures relating to the real estate market in Xichang for the years indicated:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>CAGR</u>
Real estate investment (in RMB billions, except percentages)	1.9	3.7	2.9	4.8	16.4	13.5	48.0%
Sale of properties (in RMB billions, except percentages)	1.7	2.0	3.3	6.9	12.9	14.8	54.2%
GFA of commercial properties sold (million sq.m.)	0.2	0.3	0.4	0.8	1.3	1.4	45.2%
ASP (RMB/sq.m.).	7,645	8,119	8,830	9,018	9,627	10,423	6.4%

Source: Xichang Municipal Bureau of Statistics, CREIS China Index Database

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The following table sets forth key figures by type relating to the real estate market in Liangshan⁽¹⁾ for the years indicated:

	2013	2014	2015	2016	2017	2018	CAGR
Residential properties							
Real estate investment (in RMB billions, except percentages) . .	1.4	1.3	2.4	1.1	3.1	12.3	54.4%
Sale of properties (in RMB billions, except percentages) . .	1.2	1.5	1.9	2.4	6.0	12.2	59.0%
GFA of residential properties sold (million sq.m.)	0.2	0.2	0.3	0.3	0.7	1.4	47.6%
Commercial							
Office							
Real estate investment (in RMB millions, except percentages). .	14	8	87	217	69	446	99.8%
Sale of properties (in RMB millions, except percentages). .	—	—	—	—	234	407	N/A
GFA of office properties sold (thousand sq.m.)	—	—	—	—	18.2	27.7	N/A
Retail							
Real estate investment (in RMB millions, except percentages). .	192	266	707	1,227	1,122	1,203	44.3%
Sale of properties (in RMB millions, except percentages). .	24	149	350	1,021	581	849	N/A
GFA of retail properties sold (thousand sq.m.)	1.2	8.4	23	80.8	28.8	42.9	N/A

Source: Bureau of Statistics of Liangshan Yi Autonomous Prefecture, CREIS China Index Database

Note:

- ⁽¹⁾ Key figures by type relating to Xichang market is not available for 2014 to 2017. Because the real estate market in Xichang takes up a major portion of the same of Liangshan, key figures by type relating to Liangshan market are used here for illustration purposes.

Zhumadian

Zhumadian is located at the mid-south of Henan province. As of December 31, 2019, Zhumadian occupies a total land area of approximately 15,000.0 million sq.m., with a resident population of 7.1 million and an urbanization rate of 44.6%. The nominal GDP of Zhumadian has increased from RMB154.1 billion in 2014 to RMB237.0 billion in 2019, representing a CAGR of 12.2%.

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The following table sets forth selected economic indicators relating to Zhumadian for the years indicated:

	2014	2015	2016	2017	2018	2019	CAGR
Nominal GDP (RMB billion). . . .	154.1	164.8	179.5	200.2	237.0	274.2	12.2%
Real GDP growth rate (%)	8.5	8.9	8.5	8.3	8.5	7.4	N/A
Fixed asset investment (RMB billion).	117.4	138.3	155.1	195.7	217.0	242.4	15.6%
Resident population (million). . . .	6.9	7.0	7.0	7.0	6.2	7.1	2.9%
Urbanization rate (%).	36.4	38.1	39.8	41.6	44.1	44.6	N/A
Per capita disposable income of urban households (RMB).	21,320	22,608	24,158	26,340	28,420	30,409	7.4%

Source: Zhumadian Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

Real estate investment in Zhumadian experienced a rapid growth from RMB20.2 billion in 2014 to RMB38.0 billion in 2019, representing a CAGR of 13.5%. The following table sets forth key figures relating to the real estate market in Zhumadian for the years indicated:

	2013	2014	2015	2016	2017	2018	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.).	5.5	6.6	6.6	7.9	8.9	11.2	15.3%
ASP of residential properties (RMB/per sq.m.).	2,589	2,785	2,995	3,228	3,719	4,109	9.7%
Commercial properties							
Office							
GFA of office properties sold (thousand sq.m.).	—	158	90	43.4	48.3	7.3	N/A
ASP of office properties (RMB/per sq.m.).	—	3,099	3,932	5,000	5,120	6,272	N/A
Retail							
GFA of retail properties sold (million sq.m.).	0.5	0.8	1.1	1.1	1.6	1.5	26.1%
ASP of retail properties (RMB/per sq.m.).	6,383	5,620	4,710	2,889	5,368	5,849	−1.7%

Source: Zhumadian Municipal Bureau of Statistics, National Bureau of Statistics, CREIS China Index Database

PRICES OF KEY CONSTRUCTION MATERIALS

Construction material cost is an important factor for real estate developers, and steel and cement make up a major part of the cost of construction materials. According to China Index Academy, the annual average market price of steel rebar 25mm, a major raw material in building construction, increased from RMB2,590.3 per ton in 2016 to RMB4,162.5 per ton in 2018. Average price of coking coal, a major component in the production of cement,

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increased from RMB702.0 per ton in 2016 to RMB1,210.9 per ton in 2018 according to China Index Academy. Average price of 42.5 grade cement, a major construction material, increased from RMB262.1 per ton in 2016 to RMB440.0 per ton in 2018. In 2019, the average market price of steel rebar 25mm slightly decreased to RMB4,059.6 per ton, whereas the average price of coking coal and 42.5 grade cement increased by 5.2% and 4.2%, respectively, to RMB1,274.0 per ton and RMB458.7 per ton.

In the upcoming few years, the market anticipates decreases in the price of steel and coking coal, and an increase in cement price. The steel price will continue to be driven downward primarily due to the slowdown of the real economy and the reduction in demand. With respect to coking coal, since the beginning of 2020, downstream demand has declined significantly year-on-year, and there has been an oversupply in the industry, which has lead to a decrease in the price of coking coal. However, as the industrial associations have successively issued notices calling for stabilizing the market price, the price of coking coal is expected to bottom out and stabilize in the long run. Since 2018, the cement price in the PRC has been increasing, and it is expected to rise slowly in the medium and long term, as cement inventories continue to decrease and cement demand continues to increase due to the commencement or resumption of many major domestic construction projects.

INVESTMENT IN CONSTRUCTION AND LAND ACQUISITION

According to the National Bureau of Statistics, in 2018 and 2019, the investment in construction and land acquisition as part of the real estate development investment in the PRC are as follows:

	For the year ended December 31,			
	2018		2019	
	RMB (in billion)	Percentage of total investment	RMB (in billion)	Percentage of total investment
Real estate development investment	12,026.3	100.0%	13,219.4	100.0%
Construction	8,196.2	62.0%	7,599.2	63.2%
Land acquisition.	3,638.7	30.3%	4,167.5	31.5%

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

LAWS AND REGULATIONS ON ESTABLISHMENT AND OPERATION OF FOREIGN INVESTED ENTERPRISES

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

On March 15, 2019, the National People’s Congress 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 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.

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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.

On June 30, 2019, the Catalogue of Industries for Encouraged Foreign Investment (2019 Edition) 《(鼓勵外商投資產業目錄(2019年版))》 (the “**Catalogue**”) was promulgated by the NDRC and the MOFCOM, and came into effect on July 30, 2019. Encouraged foreign investment industries of the Catalog for the Guidance of Foreign Investment Industries (Revised in 2017) 《(外商投資產業指導目錄(2017年修訂))》 released on June 28, 2017 and the Catalog of Priority Industries for Foreign Investment in the Central-Western Region (Revised in 2017) 《(中西部地區外商投資優勢產業目錄(2017年修訂))》 released on February 17, 2017, were repealed simultaneously. On June 23, 2019, the Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2020 Edition) 《(外商投資准入特別管理措施(負面清單)(2020年版))》 (“**Negative List 2020**”) was promulgated by the NDRC and the MOFCOM, and came into effect on July 23, 2019. The Special Administrative Measures for Access of Foreign Investment (Negative List) (2019 Edition) 《(外商投資准入特別管理措施(負面清單)(2019年版))》 released on June 30, 2018, was repealed simultaneously. The Catalogue and Negative List 2020 stipulated in detail the areas of entry pertaining to the categories of encouraged foreign investment industries, restricted foreign investment industries and prohibited foreign investment industries. Any industry not listed in the Catalogue or Negative List 2020 is a permitted industry.

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ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General provisions

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

Foreign investment in real estate development

Under the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalog**”) promulgated by MOFCOM and NDRC on March 10, 2015 and became effective on April 10, 2015, the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended encouraged foreign investment industries of the Catalog for the Guidance of Foreign Investment Industries (Revised in 2017) (《外商投資產業指導目錄(2017年修訂)》), which was promulgated by the NDRC and the MOFCOM on June 28, 2017, and came into effect on July 28, 2017, the construction of golf courses and villas was removed from the industry list in which foreign investment is prohibited. Under the Catalogue of Industries for Encouraged Foreign Investment (2019 Edition) (《鼓勵外商投資產業目錄(2019年版)》) (the “**Catalogue**”), the real estate development does not fall within the category of industries in which foreign investment is encouraged and the the Special Administrative Measure for Access of Foreign Investments (Negative List) (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) and thus the restrictive measures are equally applicable to domestic and foreign investment.

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

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

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

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

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

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

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

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

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

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

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

Land grants

National legislation

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

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

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

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Ways of land grant

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

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

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

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

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

Land transfer from current land users

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

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

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of real estate development projects

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

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

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

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

Planning of real estate projects

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

Construction Work Commencement License

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001 and June 25, 2014 and newly amended on September 19, 2018 by the Ministry of Housing and Urban-rural Development (the “MOHURD”).

REGULATORY OVERVIEW

Acceptance and examination upon completion of real estate projects

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998 and amended on January 8, 2011 and further amended on March 19, 2018, the Administrative Measures for the Registration Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of real estate development project, the real estate development enterprise shall apply to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

At present, there are no nationwide mandatory requirements in the PRC laws, regulations and other normative legal documents requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People’s Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and became effective on March 1, 1998 and amended on April 22, 2011, 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.

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REAL ESTATE TRANSACTIONS

Sale of commodity properties

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

Pre-sale of commodity properties

In accordance with the Measures for Administration of Pre-sales of Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as subsequently amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”), any pre-sales of commodity buildings is subject to specified procedures. If a real estate developer intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sales proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects. Further, in some cities we operate, the use of pre-sales proceeds is specifically restricted, where the pre-sale proceeds of our pre-sales proceeds of our properties must be deposited in escrow accounts and can only be used to purchase the necessary construction materials and equipment, make construction stage payment, pay statutory taxes for the relevant development projects subject to prior consent from the relevant local government authorities. Under the Pre-sales Measures, if the property development does not use the pre-sales proceeds in accordance with the regulations, it shall be ordered to make corrections within a time limit and may be ordered to pay a fine of not more than three times the illegal income but no more than RMB30,000.

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

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The governments of Chengdu, Panzhihua, Leshan, Ya'an, Meishan, Mianyang, Xichang, Nanchong, Urumqi, Chengde, Zhumadian, Shangqiu, Huizhou, Foshan, Jingzhou, Korla, Haifeng and other cities and counties have promulgated regulations on the management of commodity housing pre-sale revenues. Buyers shall make payment directly into escrow accounts when purchasing pre-sale commodity housing. Real estate development enterprises are prohibited from receiving commodity housing pre-sale revenues directly. Commodity housing pre-sale revenues deposited into escrow accounts shall be comprised of key funds in escrow and general funds in escrow. In general, the amount of key funds in escrow refers to amount of capitals required for the construction of the project. Real estate development enterprises shall apply for the utilization of such key funds in escrow in stages according to the construction progress of the commodity housing project. General funds in escrow refer to the commodity housing pre-sale revenues deposited in escrow accounts in excess of the key funds in escrow. Real estate development enterprises may apply to supervising banks for withdrawing the general funds in escrow.

Real estate development enterprises are allowed to use the general funds when the commodity housing pre-sale revenues deposited in escrow accounts are in excess of the key funds in escrow. The restrictions of the use of general funds will be depend on local regulations. According to some local regulations (such as Chengde, Urumqi, Foshan), property developers are allowed to apply for the use of the general funds and the general funds shall be priority for the construction of the relevant projects. According to some local regulations (such as Panzhihua, Chengdu, Ya'an, Xichang, Nanchong, Jingzhou and Shangqiu), the regulatory stipulate that under the condition of ensuring the use of construction project funds, when the pre-sale funds of commercial housing in the supervision account of pre-sale funds exceed the key funds, the development enterprises can be allowed to use the excess part for loan repayment or other purposes, such as payment for architectural design, management and marketing. According to some local regulations (such as Korla, Mianyang, Zhumadian, Meishan), development enterprises are allowed to apply for the use of general funds for the construction of the relevant projects. In some places (such as Leshan and Huizhou) the local regulation has no specific provision in respect of the use of general funds.

The maximums of key funds in escrow vary from region to region. The municipal governments of Foshan determined that the key funds in escrow shall equal to the total budget for project construction. The municipal governments of Chengdu, Xichang, Ya'an, Mianyang and Panzhihua allowed that the key funds in escrow shall equal to 1.1 times the total budget for project construction. Shangqiu municipal government determined that the key funds in escrow shall equal to the total construction costs of the project (including costs of construction, infrastructures and public facilities) plus 20% contingent expenses. Nanchong municipal government stipulated that 70% of payments into the escrow accounts should be subject to key supervision. Chengde municipal government determined that the key funds in escrow shall equal to 35% of the commodity housing pre-sale revenues. Zhumadian municipal government determined that the amount of key funds in escrow shall equal to the size of the construction area granted under the construction land planning licenses multiplied by the predetermined selling prices per sq.m., plus 15% costs of construction and 20% contingent expenses. Leshan municipal government determined that funds in escrow shall be subject to a maximum which is the total construction cost

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calculated on the basis of estimated unit construction cost for the year (subject to a minimum of RMB2,700 per sq.m.). The application and approval for withdrawal of the funds shall be determined on the progress of the project. Jingzhou municipal government stipulated that the funds to be used in project construction shall be subject to key supervision. Regulatory authorities shall determine the maximum of fund for project construction which is subject to key supervision based on the approval of project construction and budget for project construction provided by the real estate development enterprise with reference to the local average construction cost of projects and conditions for delivery and usage of the project. Urumqi municipal government, Korla stipulated that real estate development enterprises are divided into four categories in accordance with the latest annual general ranking of top 500 real estate development enterprises in China jointly issued by the China Real Estate Association and China Real Estate Evaluation Center. Real estate development enterprises shall be subject to supervision according to their categories. For the first-class enterprises and second-class enterprises, 5% and 10% of commodity housing pre-sale revenues shall be set aside as key funds in escrow, respectively. For the third-class enterprises and fourth-class enterprises, 20% and 30% of commodity housing pre-sale revenues shall be set aside as key funds in escrow, respectively. For Meishan, Huizhou and Haifeng County, there is no specific requirement on the calculation of key funds in escrow in regulations on commodity housing pre-sale revenues.

Requirements on the application for the utilization of key funds in escrow and corresponding timing and amount also vary from region to region. Leshan municipal government stipulated that the utilization of key funds in escrow shall be flexibly managed based on the credit rating of enterprises, i.e. more fund allowance for enterprise of higher rating. For enterprises with “good” credit rating or above, the maximum of pre-sale revenues available for withdrawal shall be increased by 10% to 20%. For enterprises with a credit rating below “good”, the maximum of pre-sale revenues available for withdrawal shall be decreased by 10% to 20%. In respect of timing of withdrawal of pre-sale revenues, enterprises may apply for the utilization of pre-sale revenues upon the completion of every four floors according to the planned progress of the project construction generally. From the topping out of the main structure to the completion of acceptance examination, enterprises may withdraw the pre-sale revenues in two to three stages. Development enterprises shall reasonably determine the capitals utilized in each stage. The capital withdrew before the topping out of the main structure shall not exceed 60% of the total funds in escrow and the capitals deposited in the special account shall not less than 5% of the total funds in escrow upon the completion of acceptance examination. Zhumadian municipal government stipulated 10 project stages including 10 days after obtaining the pre-sale permits and after the completion of construction of one-fourth of the total planned number of floors where the real estate development enterprises shall apply for the utilization of key funds in escrow according to the construction progress of the commodity housing project. The Huizhou municipal government stipulated that, after the completion of project pre-sale and after obtaining the records of acceptance examination upon project completion, 10% and 5% of the total pre-sale contract amount shall be retained in special account, respectively. Chengde municipal government stipulated that, where the real estate development enterprises apply for the utilization of capitals, the maximum of capitals available for withdrawal shall not exceed 30%, 50%, 75%, 90% and 95% of the total key funds in escrow after the completion of construction of two-thirds of the total planned

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number of floors of the project, the topping out of the main structure, the completion of construction of secondary structure, the completion of acceptance examination of project and completion of filing of acceptance examination of project, respectively. Real estate development enterprises may withdraw the remaining key funds in escrow after the completion of initial registration of the project. The government of Haifeng County stipulated that, after obtaining commodity housing pre-sales permit, after the topping out of the main structure, before the acceptance examination of commodity housing, after the completion of the acceptance examination of commodity housing and before the delivery of commodity housing, the maximum of capitals available for utilization shall not exceed 15%, 80%, 85% and 95% of the total prepayment for commodity housing, respectively. Urumqi municipal government, Korla promulgated different regulations on the withdrawal of capitals on buildings of six stories or below, buildings of seven stories to 17 stories, buildings of 18 stories to 29 stories and buildings of 30 stories or above. For buildings of six stories or below, enterprises shall retain 70%, 35%, 30%, 25%, 20%, 15%, 10% and 5% of the key funds in escrow after reaching ± 0.000 level, the topping out of the main structure, the completion of the construction of the main structure, obtaining approval of five parties for the construction of main structure, the completion of the half of exterior decoration, the completion of exterior decoration, obtaining approval of five parties for the project completion and filing of acceptance examination upon project completion, respectively. Supervision shall be lifted after the initial registration of the project. Foshan municipal government stipulated that real estate development enterprises may apply for the utilization of pre-sale revenues if the pre-sale revenues reach 10% of the total sales the project. Before the topping out of the main structure, the capitals retained in the special account of the real estate development enterprises shall be based on their credit scores. Such credit scores shall be calculated based on the Administrative Measures on the Credit of Real Estate Industry of Bureau of Housing and Construction of Urban and rural Management of Foshan Municipality (《佛山市住房和城乡建设管理局房地產行業誠信管理辦法》). Enterprises score 100 or above shall retain 10% of the total sales the project in their special accounts. Enterprises score 90 to 100 shall retain 15% of the total sales the project in their special accounts while enterprises score below 90 shall retain 20% of the total sales the project in their special accounts. Before the completion of acceptance examination, the capitals retained in the special account shall not be less than 5% of the total sales the project. Before the completion of initial registration and conditions for buyers to unilaterally complete the transfer registration have been fulfilled, the capitals retained in the special account shall not be less than 2% of the total sales the project. Jingzhou municipal government stipulated that prior to the initial registration, the key funds in escrow shall not be less than 10% of the total budget for the project construction. For Chengdu, Panzhihua, Meishan, Ya'an, Mianyang, Xichang, Shangqiu, and Nanchong, there is no specific requirement on the utilization and key funds in escrow in regulations on commodity housing pre-sale revenues.

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In addition, coping with the outbreak of novel coronavirus, measures have been imposed by local governments to support the development of enterprises. Certain local governments have introduced supportive measures relating to the utilization and withdrawal by pre-sale revenues of real estate development enterprises. Urumqi municipal government stipulated that, in order to further reduce the capital pressure of development enterprises, with effect from January 1, 2020 to August 31, 2020, the supervisory ratio of the pre-sale key funds in escrow of new commodity housing shall be halved and 50% of retained key funds in escrow shall be granted to development enterprises in a lump sum. Panzhihua municipal government stipulated that real estate enterprises may apply for withdrawal of 20% of pre-sale revenues deposited in the escrow account in advance, provided that such capitals shall be used in prevention of the outbreak of pandemic and resuming of operation and production. Meishan municipal government stipulated that not more than 40% of pre-sale revenues of commodity housing may be used in financing the outstanding land premiums. Jingzhou municipal government moderately reduced the amount of commodity housing pre-sale revenues under supervision and the balance of pre-sale revenues retained in the escrow account shall not be less than 2.5% of the audited sales amount in general but the proportion of retained capitals in the account may be zero for credit-worthy enterprises. Enterprises that strictly comply with the capital requirements may apply for withdrawal of key funds in escrow one stage in advance to enhance the efficiency of capital use. Supervising banks are urged to complete the withdrawal and transfer of capitals within eight hours. Nanchong municipal government adjusted the policies on withdrawal of commodity housing pre-sale revenues and guaranteeing wage payment for migrant workers. With effect from January 24, 2020 to December 31, 2020, for enterprises that have obtained commodity housing pre-sale permit for their buildings, the withdrawal of commodity housing pre-sale revenues shall not be subject to restriction of timing and credit rating of enterprises temporarily. Before the topping out of the building, real estate development enterprises may withdraw commodity housing pre-sale revenues based on the actual construction progress of the project immediately. Upon the topping out of the building, completion for delivery and completion of initial registration, all pre-sale revenues shall be available for withdrawal. With effect from January 24, 2020 to December 31, 2020, for real estate development enterprises applying for withdrawal of commodity housing pre-sale revenues (after tax and fees), the proportion of capitals reserved in special account for wage payment for migrant workers may be reduced from 15% to 10%. Zunyi municipal government has relaxed conditions for issuing pre-sale permit and withdrawal of pre-sale revenues. With the consent of banks and written commitment on the guaranteed funding for project construction, real estate development enterprises may withdraw pre-sale revenues in advance. Chengde municipal government has relaxed the standards for the supervision of pre-sale revenues, changing the percentage required to be deposited into the key funds in escrow from 35% to 30% at the pre-sale stage. It also added one more stage to the original five stages for the utilization of such key funds in escrow. In this newly-added stage for completion of exterior decoration, the required amount of key funds in escrow is at 15%. Meanwhile, when records of acceptance examination upon project completion have been obtained, the required amount of key funds in escrow is RMB150 per sq.m., and when the acceptance and compliance forms of construction completion have been obtained, the required amount is RMB80 per sq.m.

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Sales after completion of commodity properties

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

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

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 sale of properties.

REGULATORY OVERVIEW

Mortgage of properties

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

Lease of properties

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

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

REAL ESTATE REGISTRATION

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

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REAL ESTATE FINANCING

Loans to real estate development enterprises

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

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

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

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

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Trust and asset management financing

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

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

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.

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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“鞏固治亂象成果促進合規建設”工作的通知》), which emphasizes that trust company shall not directly provide financing to real estate development projects which have incomplete “Four Certificates” (i.e. the Certificate of Land Use Right, Planning License for Construction-land-use, Planning License for Construction Works and Construction License), whose developers or their controlling shareholders are unqualified and whose capital funds are not fully paid, or provide financing in disguised form through equity investment + shareholder borrowing, equity investment + creditors’ right subscription posterior, accounts receivable, right to returns from specific assets and so on; provide financing directly or in disguised form for the payment of land-transferring fees by real estate enterprises, and issuance of working capital loans to real estate enterprises directly or in disguised form; provide financing to local governments in breach of the laws or rules; rule-breaching requirement for or acceptance of the provide all kinds of guarantees by local governments or their affiliated departments; rule-breaching direct or indirect investment of on- and off-balance sheet funds in the “Two-high and One excess” (i.e. high energy consumption, high pollution and excess capacity) industries or other restrictive or prohibited fields.

Housing loans to individual buyers

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

REGULATORY OVERVIEW

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

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

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

REGULATORY OVERVIEW

ENVIRONMENTAL PROTECTION

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

CIVIL AIR DEFENSE PROPERTY

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

REGULATORY OVERVIEW

MEASURES ON STABILIZING HOUSING PRICES

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

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

In accordance with Circular of the MOHURD and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》) (promulgated and implemented on April 1, 2017 by Ministry of Land and Resources and 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.

REGULATORY OVERVIEW

Foreign Currency Exchange

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

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

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

REGULATORY OVERVIEW

TAXES

Corporate Income Tax

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

Value-added Tax

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

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

Land Appreciation Tax (LAT)

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

REGULATORY OVERVIEW

Labor Protection

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

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

PRC MERGER & ACQUISITION

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 15, 2019 as the holding company of our Group. We are a property developer with a leading market position among the Sichuan-based property developers and a nationwide presence.

Our History

Our history can be traced back to April 1999 when Mr. Liu Yuhui, the chairman of our Board, executive Director, chief executive officer and one of our Ultimate Controlling Shareholders, began to engage in properties development business in Sichuan province with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi, through the establishment of Leading Group, our principal onshore holding company and the centralized management platform of our property development projects. See “—Our Corporate Developments” below for further details of Leading Group.

We initially focused on our residential properties development business in Sichuan province. In 2006, we moved our headquarters from Leshan to Chengdu, the capital city of Sichuan province, and in the same year, we started to expand our business nationwide. We began to engage in commercial properties investment in 2017. Over the past 20 years, we have established our nationwide presence focusing on Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區) and Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), with projects located in more than 20 cities in China.

As part of the family succession plan of Mr. Liu Shan and Mr. Liu Yuqi and with a view to focusing on their private equity investments and other non-property development businesses, in December 2014, Mr. Liu Shan and Mr. Liu Yuqi bestowed their respective entire equity interests in Rong Liang Group and Liang Yuan Asset Management, both being the investment vehicles used by Mr. Liu Yuhui, Mr. Liu Shan and Mr. Liu Yuqi to hold their interests in Leading Group prior to the Reorganization, to Mr. Liu Haowei (being the son of Mr. Liu Shan) and Mr. Liu Ce (being the son of Mr. Liu Yuqi), respectively. As Mr. Liu Haowei and Mr. Liu Ce were at a young age and had no experience (in the case of Mr. Liu Haowei) or limited experience (in the case of Mr. Liu Ce) in real estate industry at the relevant time, to ensure a smooth transition of family business succession to the next generation, it was part of the succession plan of Mr. Liu Shan and Mr. Liu Yuqi to have Mr. Liu Shan and Mr. Liu Yuqi continued holding such interests on trust for Mr. Liu Haowei and Mr. Liu Ce, respectively, until both Mr. Liu Haowei and Mr. Liu Ce had gained sufficient management experience in the real estate industry and taken up senior management role in our Group.

Mr. Liu Ce joined our Group as a manager of financing department in October 2011 after two years’ study in Irvine Valley College. Mr. Liu Haowei joined our Group as a general manager of Guangdong Leading Real Estate in May 2015 after he completed his studies in the University of California, Irvine. Over the years, under the guidance of Mr. Liu Yuhui, both of Mr. Liu Ce and Mr. Liu Haowei have successively held various key positions within our Group and built up management experience in the real estate industry.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Mr. Liu Ce and Mr. Liu Haowei were appointed as our Company’s vice presidents in January 2019. See “Directors and Senior Management” for further details of the biographies of Mr. Liu Ce and Mr. Liu Haowei.

In line with and as an execution step of the succession plan of Mr. Liu Shan and Mr. Liu Yuqi, in August 2019, the trust arrangements of Mr. Liu Shan and Mr. Liu Yuqi were terminated. As a result, Mr. Liu Haowei and Mr. Liu Ce became the registered shareholders of Rong Liang Group and Liang Yuan Asset Management and formally succeeded the business of our Group from Mr. Liu Shan and Mr. Liu Yuqi, respectively, accordingly.

Mr. Liu Yuhui, as one of our founders, has guided our sustained and steady business development for the past two decades since our establishment. See “Directors and Senior Management” for further details of the biography of Mr. Liu Yuhui. Under the leadership of Mr. Liu Yuhui and with the support of our management team, we have successfully expanded the geographical presence of our property development business to different cities in the PRC. See “Business—Our Property Development Business.”

Prior to the aforesaid family succession plan, Mr. Liu Shan and Mr. Liu Yuqi, as the founders of our Group, were involved in our Group’s management and business operations historically in their capacity as a director and/or senior management member of Leading Group and its subsidiaries, responsible for the overall strategy and business direction together with Mr. Liu Yuhui. Apart from the property development business, since around 2003, Mr. Liu Shan and Mr. Liu Yuqi had personally invested in businesses including hydroelectric power projects and/or mineral processing and sales. Mr. Liu Shan and Mr. Liu Yuqi had also, through Rong Liang Group and Liang Yuan Asset Management, invested in hospital operations, waste recycling and processing business, and established private equity investment platforms targeting tourism products development, education services, trading businesses and certain high-tech and evolving industries.

In line with the aforesaid family succession plan, since December 2014, Mr. Liu Shan and Mr. Liu Yuqi started to focus more on the aforesaid non-property development businesses. In particular, Mr. Liu Shan became more involved in the management of private equity investments and his personal investments in ore processing and sales of iron and lead-zinc products. Mr. Liu Yuqi became more involved in the management of hospital operations and waste recycling and processing business. Mr. Liu Yuqi has been serving as the director of Sichuan Zhongming Environmental Management Co., Ltd. (四川省中明環境治理有限公司) since May 2017, responsible for the company’s overall business direction.

In addition, Mr. Liu Shan and Mr. Liu Yuqi have been actively involved in certain trade associations in recent years. While Mr. Liu Shan has served as the vice chairman of the Chengdu-Leshan Chamber of Commerce (成都樂山商會) since October 2014, Mr. Liu Yuqi participated in the establishment, and was elected as the first chairman of the Chengdu-Meishan Chamber of Commerce (成都眉山商會) in June 2014. Both Mr. Liu Shan and Mr. Liu Yuqi have been responsible for preparing and convening various business forums and conferences, with a view to developing regional communication, exploring business opportunities and promoting economic cooperations. They have also been involved in organizing various charitable activities dedicated to improving local education and fighting poverty.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Although Mr. Liu Shan and Mr. Liu Yuqi ceased to be the registered shareholders of Rong Liang Group and Liang Yuan Asset Management in August 2019 as disclosed above, they remain as the directors of Rong Liang Group and Mr. Liu Shan as the supervisor of Liang Yuan Asset Management for the purpose of the management and/or supervision of those non-property development businesses held by Rong Liang Group and Liang Yuan Asset Management. In addition, it is expected that Mr. Liu Shan and Mr. Liu Yuqi will focus more on their own private equity investments, either through their own existing investment platforms, or other entities to be established, in other non-property development businesses. Both Mr. Liu Shan and Mr. Liu Yuqi intend to continue to actively participate in trade associations affairs as well as charitable activities.

Mr. Liu Shan and Mr. Liu Yuqi formally ceased to hold their directorship and/or senior management positions of Leading Group in September 2019 when Mr. Liu Haowei and Mr. Liu Ce succeeded the business of our Group from them. To the best knowledge, information and belief of our Directors having made all reasonable enquiries, there are no facts and circumstances that might affect the ability and suitability of Mr. Liu Shan and Mr. Liu Yuqi to act as directors or serve in senior management positions of our Company and/or our subsidiaries.

Business Development Milestones

The following events set forth the key milestones in the history of our business development:

Year	Event
1999	● Mr. Liu Yuhui founded Leading Group, together with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi, and began to engage in properties development business in Sichuan province.
2004	● We were recognized as one of “Sichuan Top 100 Real Estate Development Enterprises in terms of overall strength (四川房地產開發企業綜合實力100強)” by Sichuan Provincial Bureau of Statistics (四川省統計局) and Sichuan Social and Economic Evaluation Center (四川省社會經濟評價中心).
2006	● We expanded our property development business to Guangdong province.
2010	● We expanded our property development business to Xinjiang Uygur Autonomous Region and Jilin province.
2011	● Our Meishan Leading Kaixuan Landscape (眉山領地凱旋帝景) was awarded “China Architecture Engineering Zhantianyou Excellent Residential Community Gold Award (中國土木工程詹天佑獎優秀住宅小區金獎)” by Working Guidance Committee of Residential Construction of China Civil Engineering Society (中國土木工程學會住宅工程指導工作委員會).
2017	● We began to engage in hotel management business in Xichang, Sichuan province. ● The construction of Chengdu International Finance Center (成都環球金融中心) was completed in July, which represented a significant addition to our commercial property investment and operation business.
2018	● We expanded our property development business to Jiangsu province. ● The construction of Chengdu Leading Center (成都領地中心), our another landmark commercial property project, was completed in December.

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Year	Event
2019	- We expanded our property development business to Henan province. - The grand opening of Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店) in January, which represented a significant addition to our hotel management business. - Our Chengdu International Finance Center (成都環球金融中心) was awarded “China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程))”, the top award for quality of construction engineering in China, by the MOHURD.
2020	We were recognized as one of the “Best 100 of China Real Estate Developers (中國房地產開發企業100強)” in 2020 in terms of comprehensive capabilities according to China Real Estate Industry Association (中國房地產業協會) and one of the “China TOP 100 Real Estate Developers (中國房地產百強企業)” for four consecutive years starting from 2017 in terms of comprehensive capabilities, and ranked the 72nd in 2020, according to China Real Estate TOP10 Research (中國房地產TOP10研究組).

OUR CORPORATE DEVELOPMENTS

We carry out our business through various subsidiaries in the PRC. Our principal operating subsidiaries comprise major holding companies and/or subsidiaries which contributed a substantial amount of our Group’s revenue and profit during the Track Record Period. Details of the major corporate developments including major shareholding changes of our principal operating subsidiaries in the PRC are set out below.

Leading Group

Leading Group 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 April 19, 1999 with an initial registered capital of RMB5.6 million. As of the date of its establishment, Leading Group was owned as to approximately 35.71% by Mr. Liu Yuqi, 21.43% by Mr. Liu Shan, 21.43% by Mr. Liu Yuhui and 21.43% by Mr. Deng Zhongxiang (鄧仲祥), an Independent Third Party.

Subsequent to a series of capital injections and equity transfers as a result of the internal restructuring of the shareholding structure of Leading Group as part of the family arrangement of Mr. Liu Yuhui, Mr. Liu Shan and Mr. Liu Yuqi, as of April 26, 2012, Leading Group became owned as to 99% by Rong Liang Group (a company which was established by Mr. Liu Yuhui, Mr. Liu Shan and Mr. Liu Yuqi in May 2006 as one of the investment holding vehicles for our property development business) and 1% by Mr. Liu Shan, with a registered and paid-up capital of RMB632 million. On October 18, 2012, Mr. Liu Shan transferred his 1% equity interest in Leading Group to Liang Yuan Asset Management (a company which was established by Mr. Liu Yuhui, Mr. Liu Shan and Mr. Liu Yuqi in August 2011 as one of the investment holding vehicles for our property development business) at a consideration of RMB6.32 million, which was determined after arm’s length negotiations with reference to the then registered capital of Leading Group. On the same date, the registered capital of Leading Group was increased to RMB890

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

million through capital injections of RMB216.18 million by Liang Yuan Asset Management and RMB41.82 million by Rong Liang Group. Upon completion of such equity transfer and capital injections, Leading Group became owned as to 75% by Rong Liang Group and 25% by Liang Yuan Asset Management with a registered and paid-up capital of RMB890 million.

The registered capital of Leading Group was increased to RMB3.3 billion through capital injections of RMB1.41 billion and RMB1.0 billion by Rong Liang Group on March 26, 2018 and September 11, 2018, respectively. Upon completion of such capital injections, Leading Group became owned as to approximately 93.26% by Rong Liang Group and 6.74% by Liang Yuan Asset Management. On September 19, 2019, the registered capital of Leading Group was further increased to RMB3.39 billion through a capital injection in the aggregate amount of RMB0.09 billion by Rong Liang Group and Liang Yuan Asset Management in proportion to their respective equity interest in Leading Group. Upon completion of such capital injection, Leading Group remained owned as to approximately 93.26% by Rong Liang Group and 6.74% by Liang Yuan Asset Management.

Upon completion of a series of equity transfers and capital injections as part of our Reorganization, Leading Group became wholly owned by Chengdu Hengxi Enterprise. See “—Reorganization—6. Establishment of Chengdu Hengxi Enterprise.”

Chengdu Hanjing Industrial

Chengdu Hanjing Industrial is the project company for our property development project namely, Chengdu Leading Center (成都領地中心) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on March 31, 2005 with an initial registered capital of RMB50 million. As of the date of its establishment, Chengdu Hanjing Industrial was owned as to approximately 85.3% by Sichuan Xinquan Real Estate Development Co., Ltd. (四川省鑫泉房地產開發有限公司), 8.0% by Chengdu Jingshun Investment Management Co., Ltd. (成都景順投資管理有限公司) and 6.7% by Mr. Cheng Xin (程新), all being Independent Third Parties.

Subsequent to a series of capital injections and equity transfers and immediately prior to our acquisition of Chengdu Hanjing Industrial, Chengdu Hanjing Industrial was owned as to 70% by Benhall International Holdings Ltd. (“**Benhall International**”) and 30% by Chengdu Huamin Real Estate Co., Ltd. (成都華敏置業有限公司) (“**Chengdu Huamin Real Estate**”), each being an Independent Third Party, with a registered and paid-up capital of RMB535 million. On March 7, 2013, Leading Group acquired from Benhall International and Chengdu Huamin Real Estate their respective entire equity interests in Chengdu Hanjing Industrial at a total consideration of RMB794 million, which was determined after arm’s length negotiations with reference to the estimated value of the properties held by Chengdu Hanjing Industrial at the time of such equity transfers. Upon completion of such equity transfers, Chengdu Hanjing Industrial became wholly owned by Leading Group. There has been no change in the equity interest in Chengdu Hanjing Industrial since then.

Xichang Weichuang Real Estate

Xichang Weichuang Real Estate is the project company for our property development project namely, Xichang Leading Lantai House (西昌領地蘭台府) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on January 4, 2017 with an initial registered capital of RMB5.0 million. As

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of the date of its establishment, Xichang Weichuang Real Estate was wholly owned by Sichuan Tongyuan Weichuang Enterprise Management Consulting Co., Ltd. (四川同源唯創企業管理諮詢有限公司) (“**Sichuan Tongyuan Weichuang**”), an Independent Third Party.

On February 9, 2017, Sichuan Tongyuan Weichuang transferred 95% and 5% of its equity interest in Xichang Weichuang Real Estate to Meishan Leading Real Estate, an indirect wholly-owned subsidiary of our Company, and Chengdu Lianzhong Chuangzhan Enterprise Management Consulting Co., Ltd. (成都聯眾創展企業管理諮詢有限公司) (“**Chengdu Lianzhong Chuangzhan**”), respectively, at nil consideration, given that the registered capital of Xichang Weichuang Real Estate was not paid up as the registered capital was not due for payment in accordance with its articles of association at the time of such equity transfers. On the same date, the registered capital of Xichang Weichuang Real Estate was increased to RMB100 million, of which RMB90.25 million was to be contributed by Meishan Leading Real Estate and RMB4.75 million was to be contributed by Chengdu Lianzhong Chuangzhan. The registered capital of RMB100 million of Xichang Weichuang Real Estate was fully paid up by Meishan Leading Real Estate and Chengdu Lianzhong Chuangzhan on March 10, 2017. Upon completion of such equity transfers, Xichang Weichuang Real Estate became owned as to 95% by Meishan Leading Real Estate and 5% by Chengdu Lianzhong Chuangzhan. There has been no change in the equity interest in Xichang Weichuang Real Estate since then.

Chengdu Lianzhong Chuangzhan was owned as to 51% by Mr. Xu Chuanhai (徐川海), our vice president, and 49% by Mr. Luo Changlin (羅昌林), our executive Director and chief financial officer. Chengdu Lianzhong Chuangzhan was established pursuant to our co-investment scheme as the nominee for 47 employees, all being our management team members and key personnel, who participated in our co-investment scheme and injected their self-funded capital contributions to Xichang Weichuang Real Estate through the nominee arrangement. Mr. Luo Changling, Ms. Zeng Xurong (曾旭蓉) and Ms. Hou Xiaoping (侯小萍), all being our executive Directors, are among such employees.

Jilin Leading Real Estate

Jilin Leading Real Estate is the project company for our property development projects namely, Jilin International Trade Center (吉林環球貿易中心) and Jilin Kaixuan Mansion (吉林凱旋公館) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on June 24, 2010 with an initial registered capital of RMB50 million. As of the date of its establishment, Jilin Leading Real Estate was owned as to 55% by Leading Group and 45% by Changchun Shangyuan Real Estate Development Co., Ltd. (長春市上源房地產開發有限公司) (“**Changchun Shangyuan Real Estate**”), an Independent Third Party (other than being a substantial shareholder of Jilin Leading Real Estate).

On June 29, 2016, the registered capital of Jilin Leading Real Estate was increased to RMB200 million through capital injections of RMB82.5 million and RMB67.5 million by Leading Group and Changchun Shangyuan Real Estate in proportion to their respective interests in Jilin Leading Real Estate. Upon completion such capital injections, Jilin Leading Real Estate remained owned as to 55% by Leading Group and 45% by Changchun Shangyuan Real Estate. There has been no change in the equity interest in Jilin Leading Real Estate since then.

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Pixian Shengda Real Estate

Pixian Shengda Real Estate is the project company for our property development project namely, Chengdu Jinxiang Lantai (成都錦巷蘭台) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on July 11, 2014 with an initial registered capital of RMB100 million. As of the date of its establishment, Pixian Shengda Real Estate was wholly owned by Sichuan Shengda Linchan Industrial Group Co., Ltd. (四川升達林產工業集團有限公司) (“**Sichuan Shengda Linchan**”), an Independent Third Party.

On February 3, 2016, Sichuan Jinhengyuan Commercial and Trading Co., Ltd. (四川金恒源商貿有限公司) (“**Sichuan Jinhengyuan**”), an indirect non-wholly owned subsidiary of our Company, acquired the entire equity interest in Pixian Shengda Real Estate from Sichuan Shengda Linchan at a consideration of RMB1, given that the registered capital of Pixian Shengda Real Estate was not paid up as the payment of the registered capital was not due for payment in accordance with its articles of association at the time of such transfer. The registered capital of RMB100 million of Pixian Shengda Real Estate was fully paid up by Sichuan Jinhengyuan on June 22, 2016. Upon completion of such equity transfer, Pixian Shengda Real Estate became wholly owned by Sichuan Jinhengyuan.

On May 22, 2020, the registered capital of Pixian Shengda Real Estate was reduced from RMB100 million to RMB10 million given that the construction of Chengdu Jinxiang Lantai (成都錦巷蘭台) developed by Pixian Shengda Real Estate was completed and Pixian Shengda Real Estate currently has no plan to develop more projects. There has been no change in the equity interest in Pixian Shengda Real Estate since then.

Sichuan Jinhengyuan was held as to 55% by Meishan Leading Real Estate, an indirect wholly-owned subsidiary of our Company, 40% by Chengdu Ruitongxing Commercial and Trading Co., Ltd. (成都瑞通行商貿有限公司) (“**Chengdu Ruitongxing**”), an Independent Third Party (other than being a substantial shareholder of Sichuan Jinhengyuan), and 5% by Chengdu Hongtu Weichuang Enterprise Management Partnership (LP) (成都宏圖偉創企業管理合夥企業(有限合夥)) (“**Chengdu Hongtu Weichuang**”). Chengdu Hongtu Weichuang, a limited partnership, was formed pursuant to our co-investment scheme with 32 employees, all being our management team members and key personnel, acting as the limited partners, and Chengdu Lianzhong Chuangzhan, acting as the general partner. Mr. Luo Changling, Ms. Zeng Xurong and Ms. Hou Xiaoping, all being our executive Directors, are among such employees.

Xinjiang Leading Real Estate

Xinjiang Leading Real Estate is the project company for our property development project namely, Korla Leading Kaixuan Mansion (庫爾勒領地凱旋公館) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on February 2, 2010 with an initial registered and paid-up capital of RMB12 million. As of the date of its establishment, Xinjiang Leading Real Estate was owned as to 85% by Leading Group and 15% by Ms. Yan Fengjun (顏鳳君), an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Subsequent to a series of capital injections and equity transfers, since September 3, 2011, Xinjiang Leading Real Estate has been owned as to 85% by Leading Group and 15% by Sichuan Chuanyi Investment Co., Ltd. (四川省川億投資有限公司) (“**Sichuan Chuanyi Investment**”), an Independent Third Party (other than being a substantial shareholder of Xinjiang Leading Real Estate), with a registered and paid-up capital of RMB60 million. There has been no change in the equity interest in Xinjiang Leading Real Estate since then.

Sichuan Yuandi Real Estate

Sichuan Yuandi Real Estate is the project company for our property development project namely, Meishan Kaixuan International Mansion Phase II (眉山凱旋國際公館二期) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on May 22, 2007 with an initial registered capital of RMB8.0 million. As of the date of its establishment, Sichuan Yuandi Real Estate was owned as to 52.5% by Ms. Zhou Shuwen (周淑文), who is the mother of Mr. Liu Yuhui, 34% by Ms. Huang Ying (黃英), an Independent Third Party, 11.5% by Mr. Liu Yuelin (劉躍林), who is the brother-in-law of Mr. Liu Yuhui and 2% by Mr. Liu Yuguo (劉玉國), who is the cousin of Mr. Liu Yuhui.

On October 15, 2007, Ms. Zhou Shuwen transferred her entire 52.5% equity interest in Sichuan Yuandi Real Estate to Leading Group at a consideration of RMB4.2 million, which was determined after arm’s length negotiations with reference to the then registered capital of Sichuan Yuandi Real Estate. Upon completion of such equity transfer, Sichuan Yuandi Real Estate became owned as to 52.5% by Leading Group, 34% by Ms. Huang Ying, 11.5% by Mr. Liu Yuelin and 2% by Mr. Liu Yuguo.

Subsequent to a series of equity transfers, as of November 3, 2011, Sichuan Yuandi Real Estate became owned as to 52.5% by Leading Group, 34% by Meishan Derun Trading Co., Ltd. (眉山市德潤貿易有限公司) (“**Meishan Derun**”), an Independent Third Party, and 13.5% by Meishan Huadian Architectural Decoration Engineering Co., Ltd. (眉山市華典建築裝飾工程有限公司) (“**Meishan Huadian**”). Meishan Huadian was held as to 99% by Ms. Liu Yuhui (劉玉惠), the sister of Mr. Liu Yuhui, and 1% by Ms. Zhou Xiujun (周秀均).

On August 26, 2013, Meishan Derun transferred its entire 34% equity interest in Sichuan Yuandi Real Estate to Sichuan Wanrunda Real Estate Co., Ltd. (四川萬潤達置業有限公司) (“**Sichuan Wanrunda**”), an Independent Third Party prior to the completion of the equity transfer, at a consideration of RMB2.72 million. On the same date, Meishan Huadian transferred 9% and 4.5% of its equity interest in Sichuan Yuandi Real Estate to Meishan Derun and Leading Group, respectively, at a total consideration of RMB1.08 million, which was determined after arm’s length negotiations with reference to the then registered capital of Sichuan Yuandi Real Estate. Upon completion of such equity transfers, Sichuan Yuandi Real Estate became owned as to 57% by Leading Group, 34% by Sichuan Wanrunda and 9% by Meishan Derun. There has been no change in the equity interest in Sichuan Yuandi Real Estate since then.

Leshan Leading Real Estate

Leshan Leading Real Estate is the project company for our property development project namely, Leshan International Mansion (樂山國際公館) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on March 28, 2008 with an initial registered capital of RMB2.0 million. As of the

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date of its establishment, Leshan Leading Real Estate was owned as to 98% by Sichuan Haitian Investment Co., Ltd. (四川海天投資有限責任公司) (“**Sichuan Haitian**”) and 2% by Mr. Wang Dong (王東), both being Independent Third Parties. On May 19, 2008, Leading Group acquired from Sichuan Haitian and Mr. Wang Dong the entire equity interest in Leshan Leading Real Estate at a total consideration of approximately RMB5.4 million, which was determined among the parties after arm’s length negotiations. Upon completion of such equity transfers, Leshan Leading Real Estate became wholly owned by Leading Group.

Subsequent to a series of changes in the registered capital of Leshan Leading Real Estate, since June 24, 2016, Leshan Leading Real Estate has been wholly owned by Leading Group with a registered and paid-up capital of RMB20 million. There has been no change in the equity interest in Leshan Leading Real Estate since then.

Guangdong Leading Real Estate

Guangdong Leading Real Estate is the project company for our property development project namely, Foshan Haina Junting (佛山海納君庭) and an indirect wholly-owned subsidiary of our Company. It was established in the PRC with limited liability on November 14, 2006 with an initial registered capital of RMB20 million. As of the date of its establishment, Guangdong Leading Real Estate was wholly owned by Mr. Liu Yuhui.

On November 27, 2007, Mr. Liu Yuhui transferred his 90% and 10% equity interest in Guangdong Leading Real Estate to Leading Group and Guangzhou Wangdi Real Estate Development Consulting Co., Ltd. (廣州旺地房地產發展顧問有限公司) (“**Guangzhou Wangdi Real Estate**”), an Independent Third Party, at a total consideration of RMB20 million, which was determined after arm’s length negotiations with reference to the then registered capital of Guangdong Leading Real Estate. Upon completion of such transfers, Guangdong Leading Real Estate became owned as to 90% by Leading Group and 10% by Guangzhou Wangdi Real Estate.

On June 15, 2015, Leading Group acquired 10% of the equity interest in Guangdong Leading Real Estate from Guangzhou Wangdi Real Estate at a consideration of RMB2.0 million, which was determined after arm’s length negotiations with reference to the then registered capital of Guangdong Leading Real Estate. Upon completion of such equity transfers, Guangdong Leading Real Estate became wholly owned by Leading Group. There has been no change in the equity interest in Guangdong Leading Real Estate since then.

Xichang Leading Real Estate

Xichang Leading Real Estate is the project company for our property development project namely, Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館) and an indirect non-wholly owned subsidiary of our Company. It was established in the PRC with limited liability on May 20, 2014 with an initial registered capital of RMB50 million. As of the date of its establishment, Xichang Leading Real Estate was owned as to 75.5% by Leading Group and 24.5% by Sichuan Land Real Estate Development Co., Ltd. (四川陸地房地產開發有限公司), an indirect non-wholly owned subsidiary of our Company.

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Subsequent to a series of capital injections and equity transfers, as of November 5, 2015, Xichang Leading Real Estate became owned as to 75.5% by Leading Group and 24.5% by Leshan Land Real Estate Development Co., Ltd. (樂山市陸地房地產開發有限公司) (“**Leshan Land**”), an Independent Third Party, with a registered and paid-up capital of RMB80 million.

On February 23, 2017, Leshan Land transferred 8.5% and 7% of the equity interest in Xichang Leading Real Estate to Meishan Jianzhong Construction Materials Co., Ltd. (眉山市建忠建築材料有限公司) (“**Meishan Jianzhong**”) and Leading Group, respectively, at a total consideration of RMB12.4 million, which was determined after arm’s length negotiations with reference to the then registered capital of Xichang Leading Real Estate. Upon completion of such equity transfers, Xichang Leading Real Estate became owned as to 82.5% by Leading Group, 9.0% by Leshan Land and 8.5% by Meishan Jianzhong. Each of Ms. Liu Yuhui and Mr. Liu Yuguo was interested in approximately 11.8% and 5.9%, respectively, of the equity interest in Meishan Jianzhong.

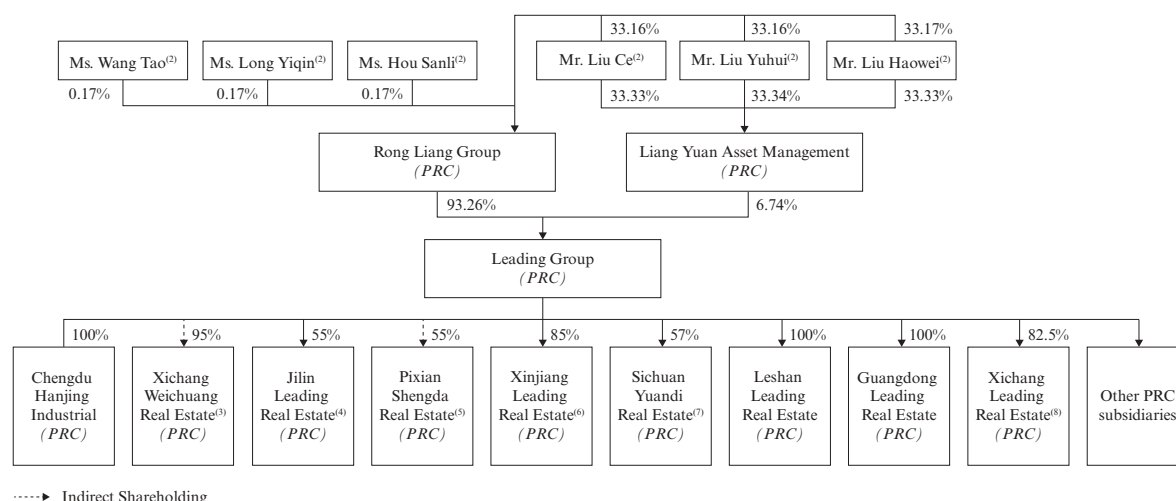
On March 19, 2019, the registered capital of Xichang Leading Real Estate was reduced from RMB80 million to RMB8 million given that the construction of Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館) developed by Xichang Leading Real Estate was completed and Xichang Leading Real Estate currently has no plan to develop more projects.

On November 29, 2019, Leshan Land transferred 2% of the equity interest in Xichang Leading Real Estate to Sichuan Changhong Construction Engineering Co., Ltd. (四川昌弘建設工程有限公司) (“**Sichuan Changhong**”), an Independent Third Party, at a consideration of RMB0.16 million, which was determined after arm’s length negotiations with reference to the then registered capital of Xichang Leading Real Estate. Upon completion of such equity transfer, Xichang Leading Real Estate became owned as to 82.5% by Leading Group, 8.5% by Meishan Jianzhong, 7.0% by Leshan Land and 2% by Sichuan Changhong. There has been no change in the equity interest in Xichang Leading Real Estate since then.

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REORGANIZATION

The following chart sets forth the simplified corporate structure⁽¹⁾ of our Group before the Reorganization:



Notes:

- (1) The above chart includes shareholding information related to our principal operating subsidiaries. See “—Our Corporate Developments” for details of our principal operating subsidiaries.
- (2) Mr. Liu Yuhui is the spouse of Ms. Long Yiqin. Mr. Liu Haowei is the son of Ms. Wang Tao. Mr. Liu Ce is the son of Ms. Hou Sanli.
- (3) The remaining 5% equity interest in Xichang Weichuang Real Estate was held by Chengdu Lianzhong Chuangzhan which was owned as to 51% by Mr. Xu Chuanhai, our vice president and 49% by Mr. Luo Changlin, our executive Director and chief financial officer.
- (4) The remaining 45% equity interest in Jilin Leading Real Estate was held by Changchun Shangyuan Real Estate, an Independent Third Party (other than being a substantial shareholder of Jilin Leading Real Estate).
- (5) Pixian Shengda Real Estate was wholly owned by Sichuan Jinhengyuan, which in turn was held as to 55% by Meishan Leading Real Estate, an indirect wholly-owned subsidiary of our Company, 40% by Chengdu Ruitongxing, an Independent Third Party (other than being a substantial shareholder of Sichuan Jinhengyuan), and 5% by Chengdu Hongtu Weichuang. Chengdu Lianzhong Chuangzhan was the general partner of Chengdu Hongtu Weichuang.
- (6) The remaining 15% equity interest in Xinjiang Leading Real Estate was held by Sichuan Chuanyi Investment, an Independent Third Party (other than being a substantial shareholder of Xinjiang Leading Real Estate).
- (7) The remaining 43% equity interest in Sichuan Yuandi Real Estate was held as to 34% by Sichuan Wanrunda, an Independent Third Party (other than being a substantial shareholder of Sichuan Yuandi Real Estate), and 9% by Meishan Derun, an Independent Third Party.

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- (8) The remaining 17.5% equity interest in Xichang Leading Real Estate was held as to 8.5% by Meishan Jianzhong, 7.0% by Leshan Land and 2.0% by Sichuan Changhong, each being an Independent Third Party.

In preparation for the [REDACTED], the following Reorganization steps were implemented to establish our Group:

1. Acquisition of a hotel management company

As part of the Reorganization, we acquired a company, which is principally engaged in the hotel management business. The following sets forth the details of such acquisition:

Sichuan Hanruida Hotel Management Co., Ltd. (四川漢瑞達酒店管理有限公司) (“Sichuan Hanruida”)

Sichuan Hanruida was established in the PRC with limited liability on August 13, 2018 and was wholly owned by Rong Liang Group which in turn was owned by our Ultimate Controlling Shareholders, prior to the acquisition. As Sichuan Hanruida engages in the hotel management business in the PRC, for the purpose of elimination of potential competition with our Controlling Shareholders, on September 11, 2019, Leading Group acquired the entire equity interest in Sichuan Hanruida from Rong Liang Group at nil consideration as the registered capital of Sichuan Hanruida was not due for payment in accordance with its articles of association at the time of such transfer. Upon completion of such equity transfer, Sichuan Hanruida became an indirect wholly-owned subsidiary of our Company.

2. Disposal of certain companies

As part of the Reorganization, we disposed of certain subsidiaries, all of which had been set up for purposes not related to the core business of our Group and hence not in line with our long term strategic development. The following sets forth the details of such disposals:

(a) Meishan Gaokang Hospital Co., Ltd. (眉山高康醫院有限公司) (formerly known as Meishan Lingci Hospital Co., Ltd. (眉山領慈醫院有限公司)) (“Meishan Gaokang”)

Meishan Gaokang was engaged in the provision of medical services, which was not related to the core business of our Group. Meishan Gaokang was established in the PRC with limited liability on December 6, 2017 and was wholly owned by Sichuan Yucheng Ruihai Real Estate Development Co., Ltd. (四川禦成瑞海房地產開發有限公司) (“**Sichuan Yucheng Ruihai Real Estate**”), an indirect wholly-owned subsidiary of our Company, prior to the disposal. On May 15, 2019, Sichuan Yucheng Ruihai Real Estate disposed of its entire equity interest in Meishan Gaokang to Sichuan Lingci Health Industry Co., Ltd. (四川領慈健康產業有限公司) (“**Sichuan Lingci Health**”), a direct wholly-owned subsidiary of Rong Liang Group, at nil consideration as the registered capital of Meishan Gaokang was not due for payment in accordance with its articles of association at the time of such disposal. Upon completion of such disposal and the Reorganization, Meishan Gaokang ceased to be a subsidiary of our Company and our Company is no longer interested in Meishan Gaokang.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(b) *Lingyue Property Services Group Co., Ltd.* (領悅物業服務集團有限公司) (formerly known as *Sichuan Huifeng Property Service Co., Ltd.* (四川滙豐物業服務有限公司)) (“*Lingyue Property*”) and *Jilin Junyi Property Service Co., Ltd.* (吉林省君逸物業服務有限公司) (“*Jilin Junyi*”)

Lingyue Property was engaged in the provision of property management related services, which was not related to the core business of our Group. Lingyue Property was established in the PRC with limited liability on January 21, 2002 and was owned as to 10.6% by Leading Group and 89.4% by Rong Liang Group prior to the disposal. On July 12, 2019, Leading Group disposed of its entire equity interest in Lingyue Property to Rong Liang Group at a consideration of approximately RMB5.7 million, which was determined after arm’s length negotiation with reference to the unaudited net asset value of Lingyue Property as of June 30, 2019 and was fully settled in cash on February 11, 2020. Upon completion of such disposal and the Reorganization, Lingyue Property ceased to be a subsidiary of our Company and our Company is no longer interested in Lingyue Property.

Jilin Junyi was engaged in the provision of property management related services, which was not related to the core business of our Group. Jilin Junyi was established in the PRC with limited liability on January 29, 2013 and was wholly owned by Jilin Leading Real Estate prior to the disposals. On July 2, 2019, Jilin Leading Real Estate disposed of its 55% and 45% equity interest in Jilin Junyi to Sichuan Linghui Enterprise Management Co., Ltd. (四川領匯企業管理有限公司), an indirect wholly-owned subsidiary of Rong Liang Group, and Nuoruide Investment Holding Group Co., Ltd. (諾睿德投資控股集團有限公司), an Independent Third Party, respectively, at a consideration of approximately RMB0.43 million and approximately RMB0.35 million, respectively. The considerations were determined after arm’s length negotiation with reference to the unaudited net asset value of Jilin Junyi as of June 30, 2019 and was fully settled in cash as of November 18, 2019. Upon completion of such disposals and the Reorganization, Jilin Junyi ceased to be a subsidiary of our Company and our Company is no longer interested in Jilin Junyi.

(c) *Meishan Dongpo District Fanmei Microfinance Co., Ltd.* (眉山市東坡區泛美小額貸款有限責任公司) (“*Meishan Dongpo*”)

Meishan Dongpo was engaged in the provision of microfinance service, which was not related to the core business of our Group. Meishan Dongpo was established in the PRC with limited liability on September 10, 2014 and was owned as to 56% by Leshan Leading, 21% by Central Asia Construction Engineering Co., Ltd. (中亞建業建設工程有限公司), an Independent Third Party, 13% by Sichuan Kaixuan Real Estate Development Co., Ltd. (四川凱旋房地產開發有限公司) (“**Sichuan Kaixuan Real Estate**”), an indirect wholly-owned subsidiary of our Company, and 10% by Sichuan Huayitong Trading Co., Ltd. (四川華易通商貿有限公司) (“**Sichuan Huayitong**”), an Independent Third Party, prior to the disposals. On July 1, 2019, (i) Leshan Leading disposed of its 56% equity interest in Meishan Dongpo to Sichuan Huayitong; and (ii) Sichuan Kaixuan Real Estate disposed of its 13% equity interest in Meishan Dongpo to Sichuan Huayitong, at a total consideration of RMB69 million, which was determined after arm’s length negotiation with reference to the then paid-up registered capital of Meishan Dongpo, and was fully settled in cash as of October 21, 2019. Upon completion of such disposals, Meishan Dongpo ceased to be a subsidiary of our Company and our Company is no longer interested in Meishan Dongpo.

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As confirmed by our Directors, each of the disposed companies had complied with the applicable laws and regulations in all material respects, and had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims prior to its disposal. As confirmed by our PRC Legal Advisors, (i) the relevant SAIC procedures and steps involved in the aforesaid disposals had been properly and legally completed; and (ii) each of the disposed companies did not have any material non-compliance with the relevant and applicable PRC laws and regulations prior to their disposals.

3. Incorporation and shareholding changes of our Company

On July 15, 2019, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorized share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon its incorporation, one Share was issued and allotted to the initial subscriber, an Independent Third Party, and such Share was transferred to Yue Lai on the same date. On September 25, 2019, an additional 9,999 Shares were issued and allotted in the following manner:

- (a) 2,816 Shares and 500 Shares to Yuan Di and Fan Tai, respectively, both of which were wholly owned by Mr. Liu Ce;
- (b) 2,815 Shares and 500 Shares to Yue Lai and Jin Sha Jiang, respectively, both of which were wholly owned by Mr. Liu Yuhui;
- (c) 2,817 Shares and 500 Shares to Ling Yue and Lian Rong, respectively, both of which were wholly owned by Mr. Liu Haowei;
- (d) 17 Shares to San Jiang Yuan which was wholly owned by Ms. Wang Tao;
- (e) 17 Shares to Fu Sheng which was wholly owned by Ms. Long Yiqin; and
- (f) 17 Shares to Shan Yuan which was wholly owned by Ms. Hou Sanli.

Upon completion of above share issue and allotments, our Company became owned as to approximately 28.16% by Yuan Di, 28.16% by Yue Lai, 28.17% by Ling Yue, 5% by Fan Tai, 5% by Jin Sha Jiang, 5% by Lian Rong, 0.17% by San Jiang Yuan, 0.17% by Fu Sheng and 0.17% by Shan Yuan.

4. Incorporation of Leading Group Investment

On August 12, 2019, Leading Group Investment was incorporated in the BVI with limited liability. Upon its incorporation, 100 shares of Leading Group Investment were issued and allotted to our Company and Leading Group Investment became a wholly-owned subsidiary of our Company.

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5. Incorporation of Leading HK

On August 28, 2019, Leading HK was incorporated in Hong Kong with limited liability. Upon its incorporation, 10,000 shares of Leading HK were issued and allotted to Leading Group Investment and Leading HK became an indirect wholly-owned subsidiary of our Company.

6. Establishment of Chengdu Hengxi Enterprise

On October 16, 2019, Chengdu Hengxi Enterprise was established in the PRC with limited liability with an initial registered capital of RMB100 million and was owned as to approximately 93.26% by Rong Liang Group and 6.74% by Liang Yuan Asset Management. Rong Liang Group and Liang Yuan Asset Management injected RMB100 million in cash and their respective entire equity interests in Leading Group to Chengdu Hengxi Enterprise, of which RMB100 million was contributed to the aforesaid initial registered capital of Chengdu Hengxi Enterprise and the equity interests in Leading Group to its capital reserve. As a result, Leading Group became wholly owned by Chengdu Hengxi Enterprise.

On November 12, 2019, Du Neng Capital contributed approximately RMB35.5 million into Chengdu Hengxi Enterprise (of which approximately RMB1.01 million was contributed to the registered capital of Chengdu Hengxi Enterprise and the remainder to its capital reserve). Upon completion of such capital injection, Chengdu Hengxi Enterprise became owned as to approximately 92.33% by Rong Liang Group, 6.67% by Liang Yuan Asset Management and 1% by Du Neng Capital and was converted into a sino foreign joint venture. See “[REDACTED] investment.”

7. Establishment of Chengdu Xida Enterprise and acquisition of 99% equity interest in Chengdu Hengxi Enterprise

On November 12, 2019, Chengdu Xida Enterprise was established in the PRC with limited liability as a wholly foreign-owned enterprise with an initial registered capital of US\$50.0 million to be fully paid up pursuant to the articles of association of Chengdu Xida Enterprise. Upon its establishment, Chengdu Xida Enterprise was wholly owned by Leading HK.

On December 9, 2019, Rong Liang Group and Liang Yuan Asset transferred their respective approximately 92.33% and 6.67% equity interest in Chengdu Hengxi Enterprise, to Chengdu Xida Enterprise at a total consideration of approximately RMB100 million, which was determined after arm’s length negotiation with reference to the then registered capital of Chengdu Hengxi Enterprise. Upon completion of such equity transfers, Chengdu Hengxi Enterprise became owned as to 99% by Chengdu Xida Enterprise and 1% by Du Neng Capital.

8. Allotment of new Shares and the acquisition of Du Neng Investment

On December 31, 2019, our Company further issued and allotted 13,911 Shares, 13,911 Shares, 13,916 Shares, 2,470 Shares, 2,470 Shares, 2,470 Shares, 84 Shares, 84 Shares and 84 Shares to Yuan Di, Yue Lai, Ling Yue, Fan Tai, Jin Sha Jiang, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan, respectively. On the same date, Du Neng Holding transferred all the issued shares of Du Neng Investment to our Company in exchange for the issue and

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allotment by our Company of 600 Shares to Du Neng Holding. Upon completion of such issue and allotments, our Company became owned as to approximately 27.88% by Yuan Di, 27.88% by Yue Lai, 27.89% by Ling Yue, 4.95% by Fan Tai, 4.95% by Jin Sha Jiang, 4.95% by Lian Rong, 0.17% by San Jiang Yuan, 0.17% by Fu Sheng, 0.17% by Shan Yuan and 1.0% by Du Neng Holding.

[REDACTED] INVESTMENT

On November 12, 2019, Du Neng Capital made a capital injection of approximately RMB35.5 million into Chengdu Hengxi Enterprise (of which approximately RMB1.01 million was contributed to the registered capital of Chengdu Hengxi Enterprise and the remainder to its capital reserve). Du Neng Capital is a company incorporated in Hong Kong with limited liability and wholly owned by Du Neng Investment. At the time of such capital injection, Du Neng Investment was wholly owned by Du Neng Holding, a company incorporated in the BVI with limited liability, which in turn is wholly owned by Mr. Wei Yue. Upon completion of such capital injection, Du Neng Capital became interested in 1% of the equity interest in Chengdu Hengxi Enterprise. On December 31, 2019, as part of the Reorganization, Du Neng Holding transferred all the issued shares of Du Neng Investment to our Company in exchange for the issue and allotment by our Company of 600 Shares to Du Neng Holding. Details of the above investment by Mr. Wei Yue (the “[REDACTED] Investment”) are set forth below:

Name of the investor	:	Du Neng Holding
Amount of cash consideration paid	:	approximately RMB35.5 million (equivalent to approximately HK\$41.9 million)
Date of investment agreement	:	November 1, 2019
Basis of determination of the consideration	:	Based on independent valuation of the net asset value of Chengdu Hengxi Enterprise as of October 31, 2019 by an independent professional valuer after arm’s length negotiations among the parties
Date of settlement of the consideration	:	November 25, 2019
Cost per Share paid ⁽¹⁾	:	HK\$[REDACTED]
Discount to maximum price of HK\$[REDACTED] per [REDACTED]	:	[REDACTED]%

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Use of [REDACTED] investment proceeds	:	The proceeds from the [REDACTED] Investment have been utilized for financing the property development projects of our Company, and as of the Latest Practicable Date, the proceeds from the [REDACTED] Investment had been fully utilized
Shareholding in our Company immediately after the [REDACTED] Investment	:	1%
Shareholding in our Company immediately after the [REDACTED] ⁽²⁾	:	[REDACTED]%
Strategic benefits to our Company	:	Our Directors are of the view that our Group can be benefited from the [REDACTED] Investment as it demonstrates the [REDACTED] 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. Wei Yue’s positioning as a strategic investor of our Company, coupled with his extensive investment experience and network, will add value to the profile of our Company
Special rights	:	None of Mr. Wei Yue nor Du Neng Holding is entitled to any special rights under the [REDACTED] Investment

Notes:

- (1) Being the cost of the [REDACTED] Investment per Share held by Du Neng Holding immediately after the [REDACTED].
- (2) Without taking into account any Shares to be issued pursuant to the exercise of the [REDACTED] or any options which may be granted under the Share Option Scheme.

Information regarding Du Neng Holding and Mr. Wei Yue

Du Neng Holding is an investment holding company incorporated in the BVI with limited liability and is wholly owned by Mr. Wei Yue. Mr. Wei Yue is an entrepreneur with years of experience in real estate investment in Australia. Mr. Wei Yue became acquainted with Mr. Liu Yuhui and Ms. Long Yiqin at business and social events in Australia in around 2016. In August 2017, Mr. Wei Yue and Ms. Long Yiqin set up Leading Group

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Development Pty Ltd for the purpose of property investment in Australia. See “Relationship with our Controlling Shareholders—Delineation of Business—Real Estate Investment in Australia.” Through regular contact with Mr. Liu Yuhui and Ms. Long Yiqin, Mr. Wei Yue became interested in the PRC real estate industry and developed confidence in the performance and prospect of our Group, which led to his investment in our Group as described above. With Mr. Wei Yue’s background and experience in real estate investment, our Directors believe that Mr. Wei Yue could provide our Group with industry-specific insights and strategic advice on our development expansion plan. Other than the shareholding in our Group, Du Neng Holding and Mr. Wei Yue are independent from our Group.

Lock-up and [REDACTED]

The Shares held by Du Neng Holding will be subject to lock-up for a period of six months after [REDACTED]. As neither Mr. Wei Yue nor Du Neng Holding is a core connected person of our Company, Shares held by Du Neng Holding will be counted towards the [REDACTED] upon [REDACTED].

Compliance with interim guidance

On the basis that (i) the consideration for the [REDACTED] Investment has been settled more than 28 clear days before the date of our first submission of the [REDACTED] application to the Stock Exchange; and (ii) none of Mr. Wei Yue nor Du Neng Holding is entitled to any special rights under the [REDACTED] Investment, the Sole Sponsor has confirmed that the terms of the [REDACTED] Investment by Du Neng Holding 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.

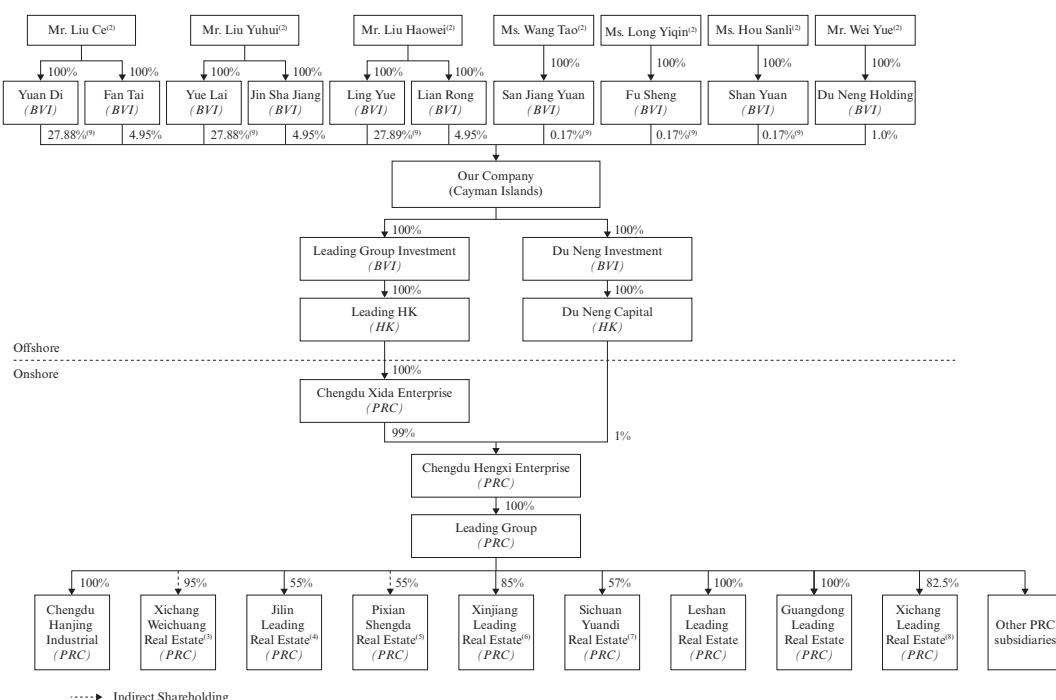
ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Since the end of the Track Record Period, for the purpose of expanding its business, our Group has entered into agreements to acquire the equity interests of certain companies. See “Waivers from Strict Compliance with the Requirements under the Listing Rules—Post-Track Record Period Acquisition”.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE AFTER THE REORGANIZATION AND IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart sets forth a simplified corporate structure ⁽¹⁾ of our Group after the Reorganization and immediately before the completion of the [REDACTED] and the [REDACTED]:



Notes:

- (1) The above chart includes shareholding information related to our principal operating subsidiaries. See “—Our Corporate Development” for details of our principal operating subsidiaries.
- (2) Mr. Liu Yuhui is the spouse of Ms. Long Yiqin. Mr. Liu Haowei is the son of Ms. Wang Tao. Mr. Liu Ce is the son of Ms. Hou Sanli.
- (3) The remaining 5% equity interest in Xichang Weichuang Real Estate was held by Chengdu Lianzhong Chuangzhan which was owned as to 51% by Mr. Xu Chuanhai, our vice president and 49% by Mr. Luo Changlin, our executive Director and chief financial officer.

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- (4) The remaining 45% equity interest in Jilin Leading Real Estate was held by Changchun Shangyuan Real Estate, an Independent Third Party (other than being a substantial shareholder of Jilin Leading Real Estate).
- (5) Pixian Shengda Real Estate was wholly owned by Sichuan Jinhengyuan, which in turn was held as to 55% by Meishan Leading Real Estate, an indirect wholly-owned subsidiary of our Company, 40% by Chengdu Ruitongxing, an Independent Third Party (other than being a substantial shareholder of Sichuan Jinhengyuan), and 5% by Chengdu Hongtu Weichuang. Chengdu Lianzhong Chuangzhan was the general partner of Chengdu Hongtu Weichuang.
- (6) The remaining 15% equity interest in Xinjiang Leading Real Estate was held by Sichuan Chuanyi Investment, an Independent Third Party (other than being a substantial shareholder of Xinjiang Leading Real Estate).
- (7) The remaining 43% equity interest in Sichuan Yuandi Real Estate was held as to 34% by Sichuan Wanrunda, an Independent Third Party (other than being a substantial shareholder of Sichuan Yuandi Real Estate), and 9% by Meishan Derun, an Independent Third Party.
- (8) The remaining 17.5% equity interest in Xichang Leading Real Estate was held as to 8.5% by Meishan Jianzhong, 7.0% by Leshan Land and 2.0% by Sichuan Changhong, each being an Independent Third Party.
- (9) Percentages are rounded up to two decimal places.

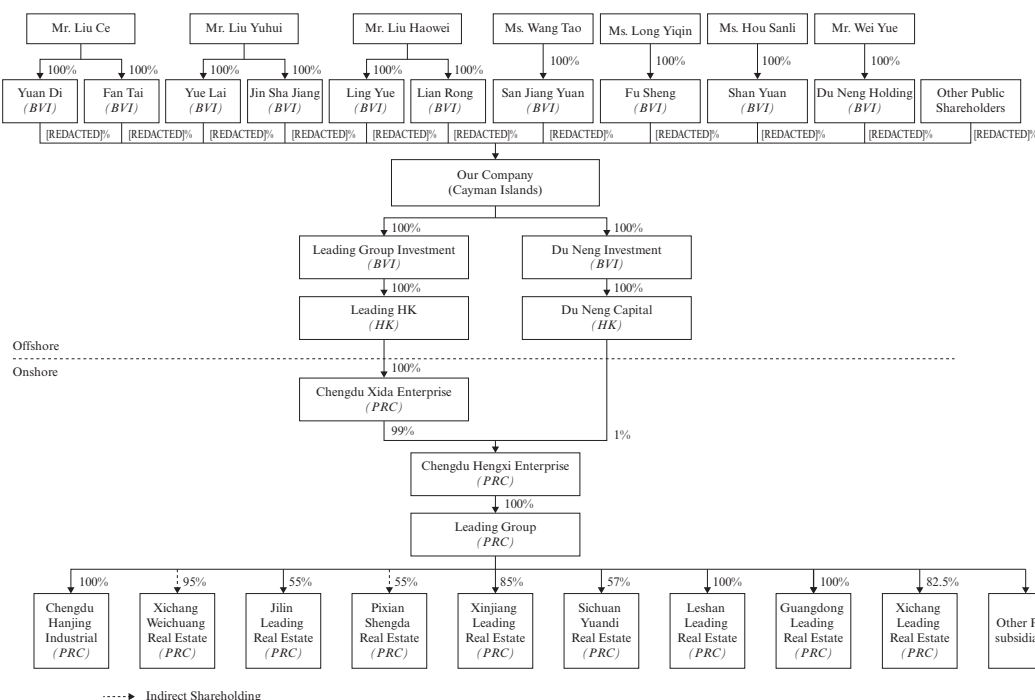
[REDACTED]

Pursuant to the resolutions of our Shareholders passed on November 16, 2020, conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorized to capitalize an amount of HK\$[REDACTED] 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 [REDACTED] 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 shareholdings in our Company. The Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart sets forth a simplified corporate structure of our Group upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme):



Note: See the notes under “—Corporate Structure After the Reorganization and Immediately Before Completion of the [REDACTED] and the [REDACTED].”

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all necessary government approvals and permits from the relevant PRC authorities in respect of the equity transfers and changes in registered capital of the PRC companies in our Group under “—Our Corporate Developments” in this section above have been obtained, and all the relevant legal procedures were completed in compliance with the relevant PRC laws and regulations. Our PRC Legal Advisors have further advised that, we have obtained all necessary approvals from the relevant PRC 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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisors, pursuant to the relevant provisions of Interim Administrative Measures for the Filing of the Incorporation and Change of Foreign-invested Enterprises (the “**Circular No. 3**”), where a non-foreign-invested enterprise changes into a foreign-invested enterprise which does not involve the implementation of special access administrative measures prescribed by the state, it shall file and submit the filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision. Chengdu Hengxi Enterprise has obtained the record-filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) and the new business license for the 1% capital contribution by Du Neng Capital in Chengdu Hengxi Enterprise (the “**First Capital Increase**”) according to the Circular No. 3 in November 2019.

Upon the completion of the First Capital Increase, Chengdu Hengxi Enterprise became a foreign-invested enterprise. For the acquisition of 99% equity interests of Chengdu Hengxi Enterprise by Chengdu Xida Enterprise (the “**Second Acquisition**”), as advised by our PRC Legal Advisors, the Second Acquisition, which happened after Chengdu Hengxi Enterprise was converted into a foreign-invested enterprise, was deemed as having caused changes in shareholders due to the acquisition of equity interests of a foreign-invested enterprise. The M&A Rules do not apply to equity transfers of an established foreign-invested enterprise by the domestic party to foreign parties. Therefore, the M&A Rules are not applicable to the Second Acquisition. Instead, the Second Acquisition shall comply with the Provisions on the Changes in Equity Interest of Investors in Foreign Invested Enterprises (《外商投資企業投資者股權變更的若干規定》) and the Circular No. 3. Chengdu Hengxi Enterprise has obtained the record-filing receipt for registration of changes in foreign-invested enterprises and the new business license in November and December 2019 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, 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. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli have completed the registration in September 2019 in accordance with SAFE Circular No. 37.

BUSINESS

OVERVIEW

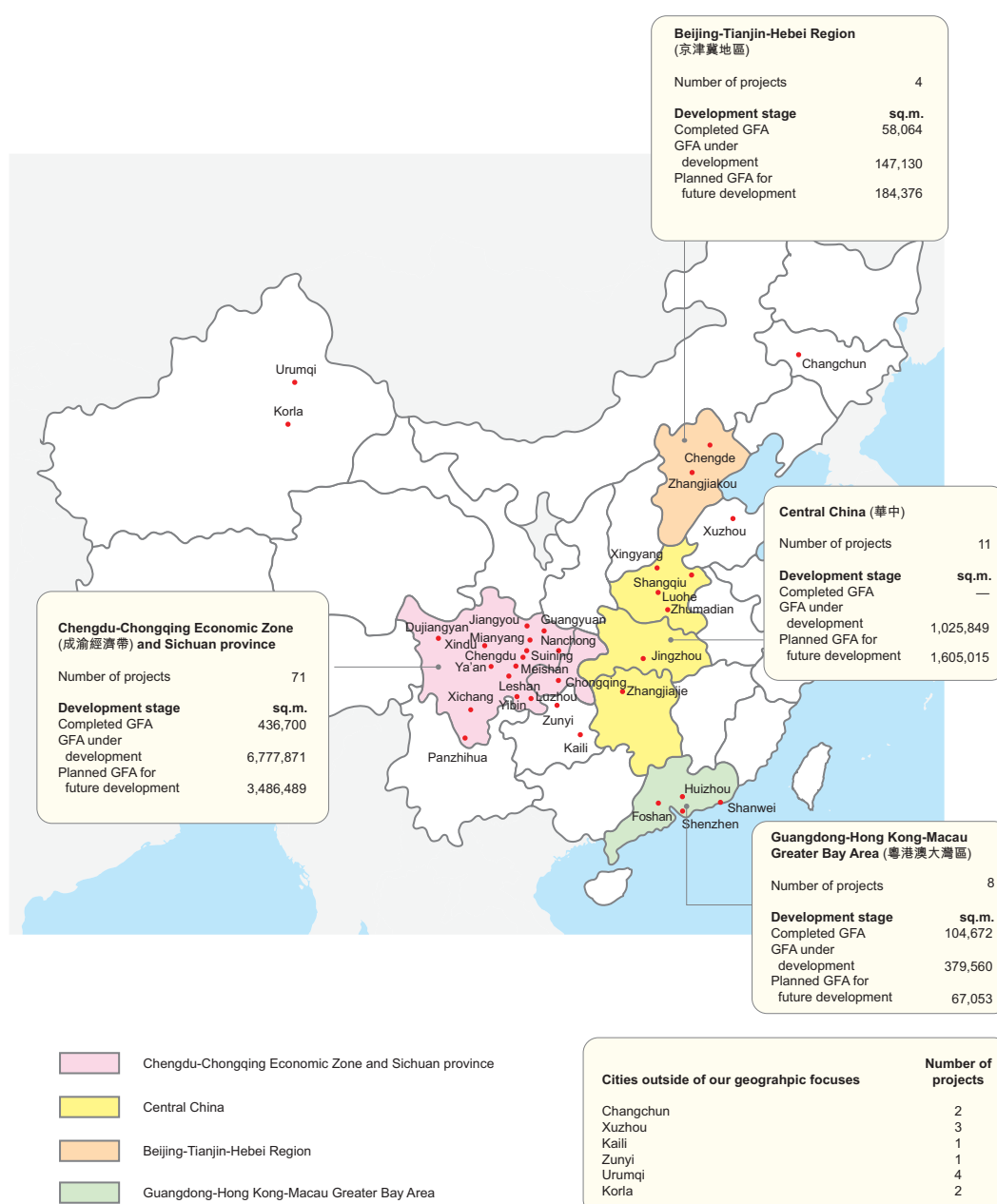
We are a property developer with a leading market position among the Sichuan-based property developers and a nationwide presence. We were recognized as one of the “Best 100 of China Real Estate Developers (中國房地產開發企業100強)” in 2020 in terms of comprehensive capabilities according to China Real Estate Industry Association (中國房地產協會). In addition, we were recognized as one of the “China TOP 100 Real Estate Developers (中國房地產百強企業)” for four consecutive years starting from 2017 in terms of comprehensive capabilities, and ranked the 72nd in 2020, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Among the six Sichuan-based property developers included in the “China TOP 100 Real Estate Developers (中國房地產百強企業)” in 2020, we ranked the third. We were also among the “TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)” in terms of brand value for three consecutive years starting from 2017, and ranked the fourth, the second and the second in 2017, 2018 and 2019, respectively, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Over the past 20 years, we have established our nationwide presence focusing on Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區) and Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), with projects located in more than 20 cities in China.

We primarily focus on providing quality residential properties to home upgraders. In addition to residential properties, we also develop commercial properties, including office buildings, shopping blocks, commercial complexes and apartments, and operate hotels. We have developed a diversified product portfolio of 11 series as of September 30, 2020, namely: Landmark series (中心系), which offers premium commercial properties typically located in the central business area of provincial capitals or sub-provincial cities, Guan series (觀字系) typically located on scenic sites, Lan series (蘭字系) and Tian series (天字系), both of which offer premium residential properties, Kaixuan series (凱旋系), typically located in locations which are expected to become city centers in the near future, Cultural series (文旅系), which offers vacation homes located on scenic sites, Yue series (悅字系), which offers modern designs to cater to young property purchasers who wish to upgrade their living environment, Commerce series (商業系), which features thematic commercial streets, pedestrian zones and catering places, Condo series (公寓系), which features smart home systems and housekeeping services, Industry series (產城系), which features a community developed by us typically involving office buildings, shopping malls, healthcare facilities, urban parks and K12 international school(s), and Harmony series (特色小鎮) which offer historical and cultural resort(s) located in ancient towns. In addition, we also developed Haina series (海納系) during the Track Record Period, but we have updated our product series and do not plan to develop new property projects under the Haina series going forward. Our Chengdu International Finance Center (成都環球金融中心) was awarded “China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程))” in 2019. Our Meishan Leading Kaixuan Landscape (眉山領地凱旋地景), which belongs to our Kaixuan series and was completed in December 2008, was awarded China Architecture Engineering Zhantianyou Excellent Residential Community Gold Award (中國土木工程詹天佑優秀住宅小區金獎)” in 2011.

BUSINESS

We adopt flexible acquisition methods to maintain a sustainable land reserve. Our land parcels are typically located in city centers, or areas which are expected to become city centers in the near future. As of September 30, 2020, the total land bank attributable to us was 16,567,700 sq.m., including saleable GFA unsold and GFA sold but not yet delivered attributable to us of 613,677 sq.m., properties under development with an aggregate planned GFA attributable to us of 9,596,373 sq.m., and properties held for future development with an aggregate estimated GFA attributable to us of 6,357,650 sq.m.

The following map indicates the locations of our projects and our geographic focuses:



BUSINESS

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, our revenue amounted to RMB5,338.6 million, RMB4,513.9 million, RMB7,568.2 million, RMB1,077.5 million and RMB3,027.8 million, respectively. Our net profit amounted to RMB649.0 million, RMB517.7 million, RMB672.3 million and RMB166.1 million for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. Our net loss amounted to RMB9.3 million for the five months ended May 31, 2019.

OUR COMPETITIVE STRENGTHS

A leading property developer from Sichuan province focusing on southwestern China with a nationwide presence and a premium brand

Founded in 1999, we are a property developer with a leading market position among the Sichuan-based property developers and a nationwide presence. We have successfully established our “Leading (領地)” brand. Our brand recognition has been endorsed by the various awards that we have received. We were recognized as one of the “Best 100 of China Real Estate Developers (中國房地產開發企業100強)” in 2020 according to China Real Estate Industry Association (中國房地產業協會) in terms of comprehensive performance which involves factors including scale, risk management, profitability, growth potential, results of operations, creativity and social responsibilities. In addition, according to the China Real Estate TOP10 Research (中國房地產TOP10研究組), we were recognized as one of the “China TOP 100 Real Estate Developers (中國房地產百強企業)” for four consecutive years starting from 2017, and ranked the 72nd in 2020, in terms of comprehensive performance, which was based on a set of criteria including the business scale, earnings, growth potential, financing capabilities, operational efficiency and social responsibilities. We were also recognized as one of the “TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)” in terms of brand value for three consecutive years starting from 2017, and ranked the fourth, the second and the second in 2017, 2018 and 2019, respectively, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). We believe that our brand recognition has differentiated us from our competitors and enabled us to compete effectively.

We started our business operations in 1999 in Leshan, Sichuan province. In 2006, we moved our headquarters from Leshan to Chengdu, the capital city of Sichuan province. Also in 2006, we started to expand our business nationwide and entered cities in other regions, including Foshan in Guangdong province. In 2017, we further expanded into Chengde, Hebei province. In 2018, we expanded into Chongqing. Over the past 20 years, we have established our nationwide presence focusing on Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區) and Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), with projects located in more than 20 cities in China.

BUSINESS

We have been focusing on, and are well-established in Sichuan province. Among the Sichuan-based property developers included in the “China TOP 100 Real Estate Developers (中國房地產百強企業)” in 2020, we ranked the third. Sichuan province has the fourth largest population in China. It is also the fastest growing region in southwestern China. From 2014 to 2019, nominal GDP of Sichuan province increased from RMB2,853.7 billion to RMB4,661.6 billion, representing a CAGR of 10.3%. Its per capita disposable income of urban population increased from RMB24,332 in 2014 to RMB36,154 in 2019. Its urbanization rate was 53.8% as of December 31, 2019, demonstrating a significant growth potential for the local real estate market. The development of southwestern China, including Sichuan province, benefits from a series of supportive national policies. Leveraging the opportunities presented by the “Belt and Road Initiatives,” the region is keeping its strong momentum of economic growth. Leveraging the economic growth and policies in Sichuan province, our operations have been continuously expanding.

Flexible land acquisitions to maintain a sustainable land reserve

To manage our land acquisition costs and risks, we adjust our land acquisition methods to adapt to the local economics and policies of the cities that we wish to expand into. In addition to public tenders, auctions and listings-for-sale and acquisition of equity from third-party companies which possess land parcels, we also establish joint ventures and associates with other reputable property developers to acquire land. We believe that our flexible acquisition methods have enabled us to maximize our return from the land parcels that we acquire.

We maintain a set of prudent guidelines to make land acquisition decisions. We strictly follow the guidelines to carry out detailed feasibility studies before we acquire any land. The factors we consider during the feasibility studies include, among others, regional economic cycle, geographic location, public transportation network and accessibility, budgeted development costs, availability of public infrastructure and commercial facilities and the local government’s zoning plans.

Over the years, our flexible land acquisition strategies have helped us expand into over 20 cities across China. Our land parcels are typically located in city centers, or areas which are expected to become city centers in the near future. As of September 30, 2020, the total land bank attributable to us was 16,567,700 sq.m., including saleable GFA unsold and GFA sold but not yet delivered attributable to us of 613,677 sq.m., properties under development with an aggregate GFA attributable to us of 9,596,373 sq.m., and properties held for future development with an aggregate GFA attributable to us of 6,357,650 sq.m. We believe that our land reserve will help us achieve long-term sustainable growth.

BUSINESS

A diversified product portfolio to cater to different customers’ needs

We primarily target customers who are looking to upgrade their living environment, and provide them with quality residential properties. We also offer commercial properties, which comprise office buildings, shopping blocks, commercial complexes and apartments, and operate hotels. We believe that our comprehensive product portfolio has enabled us to diversify our sources of revenue and achieve a balanced growth.

With our product design capabilities and extensive experience from our decades of operations, we have developed a diversified product portfolio of 11 series, namely, Landmark series (中心系), Guan series (觀字系), Lan series (蘭字系), Tian series (天字系), Kaixuan series (凱旋系), Cultural series (文旅系), Yue series (悅字系), Commerce series (商業系), Condo series (公寓系), Industry series (產城系) and Harmony series (特色小鎮). In addition, we also developed Haina series (海納系) during the Track Record Period, but we have updated our product series and do not plan to develop new property projects under the Haina series going forward. Each of these series features different characteristics catering to different customers’ needs, which have brought us brand recognition in the regions we are focusing on, and helped us promote our brand image nationwide.

We adjust our product designs from time to time to cater to local demands. In addition to our design department, we also engage third party designers. We have maintained a pool of top third party designers from China and abroad, such as Shanghai Tianhua Architectural Design Co., Ltd. (上海天華建築設計有限公司), Shanghai Kaide Architecture & Decoration Design Co., Ltd. (上海鍺德建築裝飾設計有限公司) and Guangzhou Zhuchao Decoration Design & Engineering Co., Ltd. (廣州築巢裝飾設計工程有限公司), to provide planning, design, landscaping and decoration services.

Our product design capabilities have brought us various awards. In 2018, our Lan series (蘭字系) was recognized as Top10 Brand of China Real Estate High-end Project (中國房地產精品項目品牌價值TOP10), according to China Real Estate Top10 Research (中國房地產TOP10研究組). Our Chengdu International Finance Center (成都環球金融中心) was awarded China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程)) in 2019. Our Meishan Leading Kaixuan Landscape (眉山領地凱旋地景), which belongs to our Kaixuan series and was completed in December 2008, was awarded China Architecture Engineering Zhantianyou Excellent Residential Community Gold Award (中國土木工程詹天佑優秀住宅小區金獎) in 2011.

BUSINESS

Standardized procedures to maintain profitability, ensure product quality, and enhance customer loyalty

Through over 20 years of development, we have standardized our procedures to manage the full cycle of our project development activities. We believe that such standardized management procedures have enabled us to expand rapidly and achieve our past success.

We have standardized the procedures to manage our investment decisions. Our investment decisions are proposed by Regional Investment Manager (區域投資經辦人), and approved by our Investment Committee (投委會) and Investment Board (投資董事會), comprising of our directors and senior management team members. Benefited from our standardized process to manage our investment decisions, we promote our investment projects in strict accordance with the requirements of each stage, therefore, we are typically able to complete the preparatory work and start a property development project within seven days after we obtain a land parcel. We have also standardized our marketing procedures to ensure that we can commence pre-sales in an efficient manner. Our headquarters formulate marketing plans, and oversees the marketing activities of our project companies to ensure the compliance with our internal guidances and policies. With our standardized operational procedures, we have been able to effectively control our costs, maintain our profitability and increase our investment returns.

Our standardized project development procedures also help us ensure our product quality, which we believe have enhanced our customer loyalty. We started to conduct customer surveys in 2014. We also work with third parties to conduct customer surveys on a yearly basis. Through the surveys, we collect our customers’ feedbacks, and request the customers to rank their satisfaction level from levels one to five, with level one representing a score of zero and level five representing a score of 100. In 2018, our customer satisfaction level scored 75.9 out of 100, as compared to the industry average of 71.2, according to the China Index Academy. According to a survey conducted by the China Index Academy in 2018, approximately 72.2% of our customers would recommend our properties to their families and friends.

Experienced senior management team, dedicated employees and effective measures to structure our workforce

Our management team has extensive experience in and in-depth knowledge on the real estate industry in China. Mr. Liu Yuhui, our chairman, has an experience in the real estate industry in China of over 20 years. Our senior management members have experience of over 10 years in the real estate industry in China on average.

We recruit talents from universities, colleges and leading enterprises in the industry. We had 1,308 employees as of May 31, 2020, among whom approximately 60% held a bachelor’s degree, and approximately 13% held a master’s or doctorate degree. We continue to provide professional training to our employees. We have founded “Leading College (領地學院)” to provide various training sessions nurturing core skill sets including but not limited

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to operation management skills, customized for our employees with different professional experience. We engage experts in the industry from China and abroad to offer classes in our Leading College. Through training and education, we continue to optimize our workforce.

We use commissions and bonuses to motivate our employees. We believe that such measures can effectively attract and retain talents and enhance the performance of our employees.

OUR STRATEGIES

We will continue to focus on property development and aim to become one of the leading property developers in China.

Continue to increase our market share and expand into new markets

We intend to focus on second-tier and major third-tier cities. We will continue to enhance our market position in southwestern China. When opportunities arise, will also continue to increase our investments into other regions, such as eastern China, and expand into more regional economic centers in China. To implement this business expansion strategy, we will continue monitoring and researching quality sites in cities developing at a high pace to identify opportunities with high potential returns. We assess several factors from various dimensions when selecting new markets for future development, among which the most considered are: (i) local economic indicators, population, GDP growth rate and average disposable income and macro-economic trends, (ii) local laws, regulations and policies regulating real estate development, especially those with respect to zoning and urban planning, (iii) supply and demand conditions of the local property market, pricing trends, sell-through rates, sales record of comparable projects in the same local market, assessment of future market performance and the size of our potential customer base, and (iv) barriers of entry into the new market, such as the mainstream approaches in the local market to acquire new land parcels.

Continue to implement our effective land acquisition strategies and optimize our land reserve in areas with growth potential

We expect to continue to expand our land bank with our land acquisition strategies which are proven to be effective. In addition to public tenders, auctions and listings-for-sale, we will also seek to cooperate with third party property developers to jointly acquire and develop projects or obtain land parcels through acquisition of project companies.

Further improve our product design and product mix to enhance the competitiveness of our products and our brand image

We will keep improving our product offerings under each of our 11 series. We strive for the standardization of our product offerings under each of the series to control the quality of our products and expand our operations efficiently. We will also continue to develop new products to cater to our customers’ needs. For example, we launched Yue series (悦字系) as

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of May 31, 2020, a new product series with modern designs to cater to young property purchasers. We also intend to further incorporate artificial intelligence technologies, especially face recognition technologies, in our residential and commercial properties.

We place great emphasis on the quality, functionality and safety of our products, with an aim to further promote healthy and eco-friendly lifestyle through our product offerings.

We also plan to enhance our competitiveness and brand image through continuous marketing. We will continue to conduct customer surveys on a regular basis to increase our customers’ satisfaction level and loyalty.

Further enhance cost controls and optimize capital structure

We strive to optimize our project management process to shorten our decision making process and increase our operational efficiency and turnover rate. In particular, while we endeavor to deliver quality properties, we aim to commence pre-sales in an efficient manner so as to manage our inventories and cash return more effectively.

We have adopted various measures to manage our financial risks. We have assigned staff from our finance department to oversee financial risk management. Our finance department makes assessments about the profitability of a potential project and monitors and advises necessary adjustments during the development process of an existing project until it is fully completed and delivered. Our finance team determines and optimizes the financing plan that is most suitable for each project on a continuous basis and monitors our working capital and cash flows, and manages our land costs, construction costs and operational expenses with a prudent budget control. We collect and study national and local government policies to assess the financing environment for real estate developers, and makes adjustments to our financing plans as appropriate to better control our financing costs.

We will continue to employ prudent financial policies and closely monitor our key financial indicators, such as leverage ratio and interest coverage ratio. We will also closely monitor the maturity of our borrowings and the level of our cashflow to ensure we have sufficient cash to meet the needs to repay our borrowings and develop our business.

We strive to diversify our source of financing and optimize our capital structure. For example, we may issue corporate bonds and asset-backed securities to lower our debt level and reduce our finance costs.

Finance department is responsible to keep the board of directors informed on the working capital management and financing plan. The approval of the board of directors should be obtained before executing the financing plan.

Continue to attract, retain and motivate talents and build a productive workforce

We place great emphasis on the building of our workforce. We will continue to attract, retain and motivate talents with our remuneration package. We will further develop the courses offered by Leading College and provide our employees with solid vocational

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training. Through the courses offered by Leading College, we also select competent employees for promotion. We also place emphasis on our corporate culture and encourage our employees to pursue career development and personal growth, with an aim to build a productive workforce.

OUR BUSINESS

We are a property developer with a leading market position among the Sichuan-based property developers, with a nationwide presence and a premium brand. We primarily focus on the development and sales of residential and commercial properties. During the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, the contracted sales attributable to us are approximately RMB6,558.2 million, RMB11,311.4 million, RMB15,285.6 million, RMB6,142.9 million and RMB6,235.3 million, respectively, with respect to aggregate GFA attributable to us of 806,124 sq.m., 1,349,583 sq.m., 1,976,053 sq.m., 739,587 sq.m. and 792,723 sq.m., respectively. Subsequent to the Track Record Period and up to September 30, 2020, the contracted sales attributable to us are approximately RMB8,846.9 million with respect to aggregate GFA attributable to us of 1,043,067 sq.m. Contracted sales information should not be treated as an indication of the our revenue or profitability. Contracted sales to be delivered is not identical to revenue to be recognized. In addition, we hold a portion of commercial properties developed by us for further investment and operations purpose and are engaged in hotel management business. We also provide project management services, which contributed a small portion of our revenue for the years ended December 31, 2018 and 2019. The following table sets forth the breakdown of our revenue by business line during the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2017		2018		2019		2019		2020	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
							(Unaudited)			
Sale of properties	5,304,782	99.4	4,454,504	98.68	7,452,435	98.5	1,030,587	95.7	2,984,811	98.58
Commercial property operations . .	28,519	0.5	51,417	1.14	70,876	0.9	30,287	2.8	29,157	0.96
Hotel operations	5,328	0.1	6,239	0.14	37,102	0.5	10,827	1.0	9,058	0.30
Project management	—	—	1,743	0.04	7,751	0.1	5,755	0.5	4,808	0.16
Total	5,338,629	100.0	4,513,903	100.0	7,568,164	100.0	1,077,456	100.0	3,027,834	100.0

OUR PROPERTY DEVELOPMENT BUSINESS

We develop a variety of residential and commercial properties. Our properties were primarily delivered under 11 series. Below are the 11 series launched prior to September 30, 2020:

- **Landmark series (中心系):** Our properties under Landmark series are primarily premium commercial properties, such as office buildings, shopping malls, shopping blocks and apartments, which are typically located in central business districts in a city. As of September 30, 2020, we had three completed commercial properties under this series, namely, Chengdu Leading Center (成都領地中心), Chengdu International Finance Center (成都環球金融中心) and Jilin International Trade Center (吉林環球貿易中心). In addition, we hold Chengdu

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Yipin Center (成都一品中心) to develop into a commercial complex, including office buildings, commercial blocks, apartments and a hotel. We aim to develop our properties under this series into local landmarks.

- **Guan series (觀字系):** Our properties under Guan series are typically located on scenic sites, such as sites in a mountain or by a river, and feature modern designs. They target customers who wish to further upgrade their living environment. As of September 30, 2020, projects under this series, such as Chongqing Leading Guanyun House (重慶領地 • 觀雲府), Mianyang Guanjiang House (綿陽觀江府), Meishan Guanjiang House (眉山觀江府) and Ya'an Guanjiang House (雅安觀江府), were still under development or held for future development.
- **Lan series (蘭字系):** Our properties under Lan series are premium residential properties, targeting customers who are looking to upgrade their living environment. The properties under this series are typically located in suburban areas which we expect to become city centers in the near future. This series features neo Chinese-style design, combined with modern architecture techniques. It is a flagship series we offer. As of September 30, 2020, we have fully completed construction of five projects under this series, including Chengdu Jinxiang Lantai (成都錦巷蘭台), Xichang Leading Lantai House (西昌領地蘭台府), Xichang Lantai House (Qingyun) (西昌蘭台府 • 青雲), Chengdu Tianfu Lantai (Xinlong) (成都天府蘭台 • 新隆), Chengde Lantai House (承德蘭台府) and partially completed two projects, namely, Ya'an Lantai House (雅安蘭台府) and Leshan Lantai House (樂山蘭台府).
- **Tian series (天字系):** Our properties under Tian series are premium residential properties, targeting customers who are looking to upgrade their living environment. The properties under this series are typically located in central areas in a city. It is another flagship series we offer. As of September 30, 2020, we completed construction of three projects under this series, namely Ya'an Tianyu (雅安天嶼), Mianyang Tianyu (綿陽天嶼) and Leshan Tianyu (樂山天嶼).
- **Kaixuan series (凱旋系):** Our properties under Kaixuan series are typically located in developing areas in a city which we expect to become city centers in the near future. They target customers who wish to upgrade their living environment. As of September 30, 2020, the properties we delivered under this series included Xichang Leading Kaixuan International Mansion (西昌領地 • 凱旋國際公館), Korla Leading Kaixuan Mansion (庫爾勒領地 • 凱旋公館), Jilin Kaixuan Mansion (吉林凱旋公館), Meishan Kaixuan International Mansion (眉山凱旋國際公館), Meishan Kaixuan Square (眉山凱旋廣場) and Meishan Kaixuan International Mansion Phase II (眉山凱旋國際公館二期).
- **Cultural series (文旅系):** Our properties under Cultural series are typically located in scenic areas and serve as vacation homes. As of September 30, 2020, properties under this series, such as Leshan Emei Guanding (樂山峨眉觀頂), Xichang Leading Haiyueli (西昌領地 • 海月里) and Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城) were still under development.

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- Yue series (悦字系): Our properties under Yue series offer modern designs to cater to young property purchasers who wish to upgrade their living environment. The properties under this series are typically located in city centers. As of September 30, 2020, we held certain properties, such as Chengdu Xinduyue House (成都新都悦府) and Nanchong Jinwei Leading Yuecheng (南充金為領地悦城), for future development under this series.
- Commerce series (商業系): Our Commerce series features thematic commercial streets, pedestrian zones and catering places, thus to meet local residents’ demands for leisure while also serving as tourist attractions. Commerce series was newly launched in early 2020, and as of September 30, 2020, we did not hold any property projects under this series.
- Condo series (公寓系): Our Condo series offer commercial properties which may serve as gathering places for the young, and feature smart home systems and housekeeping services. Condo series was newly launched in early 2020, and as of September 30, 2020, we did not hold any property projects under this series.
- Industry series (產城系): Our properties developed under the Industry series may together evolve into a company town which features office buildings, shopping malls, healthcare facilities, urban parks and K12 international school(s) so as to serve people of all age groups in the community. As of September 30, 2020, we held three property projects under this series for future development, namely, Chengdu Tianfu Kangcheng (成都天府康城), for which we commenced construction in May 2020, Guangyuan Leading Town (廣元領地城), and Chengdu Tianfu Leading Town (成都天府領地城), for which we expected to commence pre-sale in September 2020. We expect to lease a part of the Chengdu Tianfu Kangcheng (成都天府康城) to hospital and healthcare facility operators after it is completed.
- Harmony series (特色小鎮): Our properties under the Harmony series offer historical and cultural resort(s) located in ancient towns. As of September 30, 2020, we had one property project under this series under construction, namely, EMei Lianhua Lake (峨眉蓮花湖).

In addition to the above-mentioned, we delivered properties under Haina series (海納系) during the Track Record Period. It primarily targeted first-time property purchasers. As of September 30, 2020, the properties we delivered under this series included Chengdu Haina Shidai (成都海納時代), Leshan Haina Mansion (樂山海納公館), Foshan Haina Longting (佛山海納瓏庭), Foshan Haina Junting (佛山海納君庭), Foshan Haina Mansion (佛山海納公館), Foshan Haina Haoting (佛山海納豪庭) and Foshan Haina Haoyuan (佛山海納豪苑). We do not plan to develop new properties under this series as we have developed other series with updates to product designs in responses to the market’s changing demands.

Our commercial properties primarily include office buildings, commercial complexes and hotels, which are integrated with or in the vicinity of the residential properties, as well as apartments. As of September 30, 2020, we had 107 property development projects at various stages of development by our subsidiaries, joint ventures and associates. As of

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September 30, 2020, the total land bank attributable to us was 16,567,700 sq.m., including saleable GFA unsold and GFA sold but not yet delivered attributable to us of 613,677 sq.m., properties under development with an aggregate GFA attributable to us of 9,596,373 sq.m., and properties held for future development with an aggregate GFA attributable to us of 6,357,650 sq.m.

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 table below sets forth our classification of properties and the corresponding classifications of properties in the Property Valuation Report and the Accountant’s Report:

<u>This Document</u>	<u>Property Valuation Report</u>	<u>Accountant’s Report</u>
Completed properties . . .	Group I—Properties held and occupied by the Group in the PRC Group II—Properties held for sale by the Group in the PRC Group III—Properties held for investment by the Group in the PRC	Completed properties held for sale Investment properties
Properties under development.	Group IV—Properties held under development by the Group in the PRC	Properties under development
Properties held for future development.	Group V—Properties held for future development by the Group in the PRC Group VI—Properties contracted to be acquired by the Group in the PRC	Properties under development

The site area information in this document is derived on the following basis:

- when we have received the land use rights certificates/real estate title certificates (Land), as specified in such land use rights certificates/real estate title certificates (Land); and
- before we have received the land use rights certificates/real estate title certificates (Land), 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.

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The GFA information in this document is derived on the following basis:

- for completed projects, if we have obtained records of acceptance examination upon project completion, as specified in such records of acceptance examination upon project completion or, where such records are not yet available, based on house property survey and mapping reports, our internal records and estimates;
- for projects under development or held for future development,
 - if we have obtained the construction work commencement permits, as specified in such permits;
 - if we have not yet obtained the construction work commencement permits, but have obtained the construction work planning permits, as specified in such construction work planning permits; and
 - if none of the above permits is otherwise available, as specified in land grant contracts and master investment agreements we entered into with regulatory authorities in the PRC or based on our internal records and estimates.
- if we have obtained the pre-sale permit for commodity property for the projects, the saleable GFA information refers to the saleable GFA in these permits;

Total GFA as used in this document is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA as used in this document refers to certain ancillary facilities, such as greenery area and spaces designed as civil air defense properties, for which pre-sale permits will not be issued. Saleable GFA as used in this document refers to the gross floor areas exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the purchase contract but yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total saleable GFA is calculated as follows:

- for properties that are completed, based on the relevant property ownership certificate or property inspection report;
- for properties under development, based upon the relevant pre-sale permit, or based on the construction work planning permit if the pre-sale permit is not available, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available; and
- for properties that are held for future development, based upon 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.

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Detailed descriptions of each of our properties as set forth in this document are as of September 30, 2020, unless otherwise dated. The commencement date relating to each property refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed properties refers to the date on which the completed construction works certified report was obtained for each property of a multi-phase project. For properties under development or for future development, the completion date reflects our best estimate based on our current development plans.

Land Bank and Property Portfolio

The following table sets forth the GFA breakdown of our property portfolio developed by our subsidiaries, joint ventures and associates as of September 30, 2020 by cities:

City	Project	Completed			Planned	Land bank ⁽¹⁾ (sq.m.)	Percentage of total land bank (%)
		Saleable	GFA sold	GFA under	GFA for		
		GFA unsold (sq.m.)	but not yet delivered (sq.m.)	development (sq.m.)	future development (sq.m.)		
Projects by our subsidiaries							
Changchun . .	2	1,357	6,028	—	—	7,385	0.04%
Chengdu. . . .	13	51,841	900	935,789	642,535	1,631,065	9.84%
Chengde	3	436	9,317	114,413	124,183	248,350	1.50%
Chongqing . .	1	—	—	85,761	—	85,761	0.52%
Duijiangyan . .	1	—	—	116,231	121,842	238,072	1.44%
Foshan.	5	10,501	3,550	—	—	14,051	0.08%
Guangyuan . .	1	—	—	—	554,895	554,895	3.35%
Huizhou	1	—	—	268,624	—	268,624	1.62%
Jingzhou. . . .	2	—	—	396,363	—	396,363	2.39%
Kaili	1	—	—	209,730	732,432	942,161	5.69%
Korla.	2	23,926	5,862	254,974	—	284,763	1.72%
Leshan	8	40,447	57,940	408,332	—	506,718	3.06%
Luohe	1	—	—	—	335,603	335,603	2.03%
Luzhou	1	—	—	180,443	—	180,443	1.09%
Meishan	8	76,764	5,762	1,077,279	—	1,159,805	7.00%
Mianyang . . .	4	16,047	124,100	374,089	829,342	1,343,578	8.11%
Nanchong. . .	3	—	—	619,003	—	619,003	3.74%
Panzhihua. . .	2	—	—	545,866	—	545,866	3.29%
Shanwei	1	26,378	64,243	110,936	—	201,557	1.22%
Shangqiu . . .	1	—	—	91,425	102,424	193,849	1.17%
Suining	1	—	—	—	124,436	124,436	0.75%
Urumqi	4	—	—	496,679	282,284	778,963	4.70%
Xichang	8	20,256	4,207	629,468	260,814	914,744	5.52%
Xindu	1	2,415	—	416,619	163,462	582,496	3.52%
Xingyang . . .	1	—	—	80,193	—	80,193	0.48%
Ya'an.	6	22,983	4,525	492,134	—	519,643	3.14%
Yibin	1	—	—	147,894	297,407	445,301	2.69%
Zhumadian . .	5	—	—	404,444	1,136,790	1,541,234	9.30%
Zunyi.	1	—	—	130,977	—	130,977	0.79%
Subtotal	89	293,351	286,434	8,587,666	5,708,448	14,875,899	89.79%

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City	Project	Completed			Planned	Land bank ⁽¹⁾	Percentage of total land bank
		Saleable	GFA sold	GFA under	GFA for		
		GFA unsold	but not yet delivered	development	future development		
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)
Projects by our joint ventures and associates ⁽²⁾							
Chengdu . . .	2	2,142	—	183,333	161,456	346,931	2.09%
Jiangyou . . .	1	—	—	57,447	59,010	116,458	0.70%
Leshan	6	—	—	416,940	216,293	633,233	3.82%
Shenzhen . . .	1	—	—	—	67,053	67,053	0.40%
Xichang	1	—	—	49,860	19,624	69,484	0.42%
Xuzhou	3	8,988	797	173,603	—	183,388	1.11%
Ya'an	2	6,225	145	41,384	35,374	83,128	0.50%
Zhangjiajie . .	1	—	—	53,424	30,198	83,622	0.50%
Zhangjiakou .	1	13,265	2,330	32,716	60,193	108,504	0.65%
Subtotal	18	30,620	3,272	1,008,707	649,202	1,691,801	10.21%
Total ⁽³⁾	107	323,971	289,706	9,596,373	6,357,650	16,567,700	100.00%

Notes:

- (1) Land bank equals to the sum of (i) saleable GFA unsold and the GFA sold but not yet delivered, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.
- (2) For projects developed by our joint ventures and associates, total GFA is adjusted based on our proportion of equity interest in these projects.
- (3) Total land bank did not include investment properties held by us with the aggregate GFA of 357,149 sq.m as of September 30, 2020.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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The following table sets forth the number and GFA breakdown of our property projects as of September 30, 2020 by key regions:

		Completed					
			GFA sold but		Planned		
		Saleable	not yet	GFA under	GFA for	Land bank ⁽¹⁾	Percentage
Regions	Project	GFA unsold	delivered	development	future	attributable	of total land
		(sq.m.)	(sq.m.)	(sq.m.)	development	to us ⁽²⁾	bank
					(sq.m.)	(sq.m.)	(%)
Projects by our subsidiaries							
Beijing-Tianjin-Hebei							
Region (京津冀地區) . .	3	436	9,317	114,413	124,183	248,350	1.50%
Central China (華中) . . .	10	—	—	972,425	1,574,817	2,547,242	15.37%
Chengdu-Chongqing							
Economic Zone							
(成渝經濟帶) and							
Sichuan province	59	230,753	197,434	6,028,907	2,994,732	9,451,826	57.05%
Guangdong-Hong							
Kong-Macau Greater							
Bay Area							
(粵港澳大灣區)	7	36,879	67,793	379,560	—	484,232	2.92%
Others ⁽³⁾	10	25,282	11,890	1,092,360	1,014,716	2,144,248	12.94%
Subtotal	89	293,351	286,434	8,587,666	5,708,448	14,875,899	89.79%
Projects by our joint ventures and associates							
Beijing-Tianjin-Hebei							
Region (京津冀地區) . .	1	13,265	2,330	32,716	60,193	108,504	0.65%
Central China (華中) . . .	1	—	—	53,424	30,198	83,622	0.50%
Chengdu-Chongqing							
Economic Zone							
(成渝經濟帶) and							
Sichuan province	12	8,367	145	748,964	491,758	1,249,234	7.54%
Guangdong-Hong							
Kong-Macau Greater							
Bay Area							
(粵港澳大灣區)	1	—	—	—	67,053	67,053	0.40%
Others ⁽³⁾	3	8,988	797	173,603	—	183,388	1.11%
Subtotal	18	30,620	3,272	1,008,707	649,202	1,691,801	10.21%
Total ⁽⁴⁾	107	323,971	289,706	9,596,373	6,357,650	16,567,700	100.00%

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Notes:

- (1) Land bank equals to the sum of (i) total GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.
- (2) For projects developed by our joint ventures and associates, land bank attributable to us is calculated based on the equity interest we hold in each project.
- (3) Others include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province and Xuzhou of Jiangsu province, which are not in our key regions.
- (4) Total land bank did not include investment properties held by us with aggregate GFA of 357,149 sq.m as of September 30, 2020.

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.

We also establish joint ventures and associates with other reputable property developers to acquire land and develop property projects. It is a common practice in the property development industry, according to China Index Academy. Such approach allows us to partner with other property developers who may hold a desirable land parcel that we intend to develop or have the experience that we do not have regarding certain regions into which we intend to expand.

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Our Property Projects

The table below sets forth the details of the property projects developed by our subsidiaries as of September 30, 2020, except as otherwise indicated:

Reference to Property Valuation Report	Project	Site Area	COMPLETED					UNDER CONSTRUCTION					FOR FUTURE DEVELOPMENT											
			Total GFA completed	GFA available for sale/Leasable GFA	Saleable GFA unsold	GFA sold but not yet delivered	Actual		GFA under development	Saleable GFA	Pre-sold GFA	Actual construction commencement date	Actual construction completion date	Estimated pre-sale commencement date	Estimated construction completion date	Planned GFA for future development	GFA without land use rights certificates	Estimated construction commencement date	Estimated construction completion date	Development costs incurred as of May 31, 2020	Future development costs as of May 31, 2020	Group's interest	Market value attributable to the Group	
							(sq.m.)	(sq.m.)																(sq.m.)
1	Chengdu Yipin Center (成都一品中心)	20,354	—	—	—	—	—	—	—	—	—	—	—	—	—	141,509	141,509	March 31, 2021	April 30, 2021	June 30, 2024	386.4	1,319.0	100.0%	No commercial value
2	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Chengdu Leading Center (成都锦城中心)	10,061	166,451	157,793	—	—	—	July 14, 2014	N/A December 20, 2018	—	—	—	—	—	—	—	16,488	16,488	—	—	—	1,628.6	—	100.0%
3	Offices		103,042	103,042	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		9,954	9,954	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		25,611	25,611	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Hotel		19,187	19,187	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		8,658	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Chengdu International Finance Center (成都国际金融中心)	18,514	278,174	268,283	—	900	June 8, 2013	July 1, 2014	July 31, 2017	—	—	—	—	—	—	—	—	—	—	—	1,853.8	31.4	100.0%	952.0
4	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		43,893	43,893	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Offices		166,547	166,547	—	900	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		57,843	57,843	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		9,801	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Chengdu Xishan Lantai (成都西山兰台)	34,756	—	—	—	—	—	—	—	—	—	80,837	68,173	15,114	July 24, 2018	December 12, 2020	June 30, 2021	—	—	—	743.4	243.3	100.0%	839.0
	Residential		—	—	—	—	—	—	—	—	—	55,322	54,915	15,114	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	13,257	13,257	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	230	—	—	—	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	12,028	—	—	—	—	—	—	—	—	—	—	—	—
6	Chengdu Yue Center (成都悦中心)	27,400	—	—	—	—	—	—	—	—	—	76,119	64,444	12,263	March 13, 2020	April 27, 2020	October 8, 2022	—	—	—	369.2	300.8	100.0%	465.0
	Residential		—	—	—	—	—	—	—	—	—	26,852	26,852	1,682	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	5,974	5,974	—	—	—	—	—	—	—	—	—	—	—
	Apartment		—	—	—	—	—	—	—	—	—	21,302	21,302	10,581	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	9,906	9,906	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	3,641	—	—	—	—	—	—	—	—	—	—	—	—
Others		—	—	—	—	—	—	—	—	—	8,044	—	—	—	—	—	—	—	—	—	—	—	—	

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
			GFA available for sale/Leasable GFA					GFA sold but not yet delivered					Actual/Estimated construction commencement date			Actual/Estimated construction completion date			GFA under development			GFA available for future development			GFA without land use rights certificates			Estimated construction commencement date			Estimated construction completion date			Development costs incurred as of May 31, 2020			Future development costs as of May 31, 2020			Group's interest			Market value attributable to the Group																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
			(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED				UNDER CONSTRUCTION				FOR FUTURE DEVELOPMENT													
			Total GFA completed	GFA available for sale/ Leasable GFA	Saleable GFA unsold	GFA sold but not yet delivered	Actual construction commencement date	Estimated pre-sale completion date	Actual construction commencement date	Estimated pre-sale completion date	GFA under development	Saleable GFA	Pre-sold GFA	Actual construction commencement date	Estimated construction completion date	Estimated construction pre-sale commencement date	Estimated construction completion date	GFA without land use rights certificates	Planned GFA for future development	Development costs incurred as of May 31, 2020	Future development costs as of May 31, 2020	Group's interest in the Group	Market value attributable to the Group	
13	Meishan Changshoutang (眉山长舒坊)	71,770	—	—	—	—	—	—	—	181,669	176,411	7,848	May 26, 2020	July 23, 2020	December 30, 2022	—	—	—	—	—	295.9	535.5	80.0%	456.0
14	Residential		—	—	—	—	—	—	—	127,508	127,508	7,848	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	18,677	18,677	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	30,226	30,226	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	61	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	5,197	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Puqinhua Leading Yanguang (普庆华领城阳光城)	186,791	—	—	—	—	—	—	—	506,693	475,524	190,468	July 12, 2018	November 30, 2018	December 28, 2022	—	—	—	—	—	1,600.6	1,487.7	100.0%	1,759.0
	Residential		—	—	—	—	—	—	—	371,045	371,045	182,830	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	25,015	24,816	7,555	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	79,663	79,663	82	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	5,311	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Xichang Yuezhouhai (西昌悦洲海)	65,868	—	—	—	—	—	—	—	280,996	249,388	101,987	October 31, 2018	November 16, 2018	December 21, 2021	—	—	—	—	—	2,292.5	709.9	95.0%	2,389.3
	Residential		—	—	—	—	—	—	—	196,116	195,449	99,860	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	1,285	1,285	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	64,150	52,654	2,127	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	8,236	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Xichang Leading Lanai House (西昌领澜合府)	99,522	204,281	182,838	151,144	4,207	August 28, 2017	September 29, 2017	May 24, 2019	—	—	—	—	—	—	—	—	—	—	—	1,587.3	4.1	95.0%	150.1
	Residential		68,213	68,213	—	320	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		61,517	61,517	1,945	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		54,600	53,088	13,199	762	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		14,397	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Xichang Leading Haiyueli (西昌领悦·海月里)	41,662	—	—	—	—	—	—	—	81,115	79,368	57,541	September 29, 2018	October 25, 2018	May 1, 2021	—	—	—	—	—	379.5	271.8	53.0%	346.6
	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	63,256	62,394	57,541	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	16,774	16,774	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	440	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Xichang Lanai House (西昌澜台府·青云)	16,896	49,089	44,914	1,774	—	November 9, 2017	November 18, 2017	October 18, 2019	—	—	—	—	—	—	—	—	—	—	—	316.2	4.2	95.0%	9.5
	Residential		34,957	34,323	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		2,500	2,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		8,631	8,631	1,774	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20	Xichang Leading Kansun International Mansion (西昌领隼国际公馆)	33,287	166,250	157,843	3,338	—	December 16, 2014	January 9, 2015	January 31, 2017	—	—	—	—	—	—	—	—	—	—	—	1,128.4	4.0	82.5%	7.4
	Residential		106,763	106,763	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		25,034	25,034	437	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		26,047	26,047	2,901	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		4,588	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION										FOR FUTURE DEVELOPMENT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
			GFA available for sale/Leasable GFA					GFA sold but not yet delivered					Actual/Estimated construction commencement completion date					Actual/Estimated construction commencement completion date					GFA without land use rights certificates					Estimated construction commencement completion date					Development costs incurred as of May 31, 2020					Future development costs as of May 31, 2020					Group's interest attributable to the Group																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
			(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED					UNDER CONSTRUCTION					FOR FUTURE DEVELOPMENT											
			Total GFA completed	GFA available for sale/Leasable GFA	Saleable GFA unsold	GFA sold but not yet delivered	Actual		GFA under development	Saleable GFA	Pre-sold GFA	Actual construction commencement date	Actual construction completion date	Actual		Planned GFA for future development	GFA without land use rights certificates	Estimated construction commencement date	Estimated construction completion date	Development costs incurred as of		Future development costs as of	Group's interest	Market value attributable to the Group
							date	date						date	date					date	date			
27	Chengde Lantai House (Yueshan) (成都龍台府•悅山)	34,081	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	125.3	163.2	51.0%	85.7	
	Residential		—	—	—	—	—	40,146	40,140	2,534	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		—	—	—	—	—	59	59	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		—	—	—	—	—	8,864	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		—	—	—	—	—	2,488	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		—	—	—	—	—	910	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
28	Jin Kaiyuan Mansion (桂林凱源公寓)	132,188	406,735	401,583	1,356	6,028	September 1, 2013	September 17, 2020	—	—	—	—	—	—	—	—	—	—	1,894.0	27.5	55.0%	12.1		
	Residential		334,752	332,625	720	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		10,139	10,054	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		33,072	32,067	552	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		8,398	6,028	—	6,028	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		20,374	20,889	84	—	—	—	80,193	66,894	15,128	January 1, 2020	March 25, 2020	December 31, 2021	—	—	—	—	1,146	206.3	70.0%	120.4		
29	Xingyue Leading Tianyu (深圳領越天御)	29,396	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Residential		—	—	—	—	—	—	56,322	54,729	15,128	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		—	—	—	—	—	—	884	885	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		—	—	—	—	—	—	16,273	10,890	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		—	—	—	—	—	—	1,981	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		—	—	—	—	—	—	4,733	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
30	Jin International Trade Center (桂林國際貿易中心)	44,925	294,722	287,962	—	—	August 10, 2011	October 19, 2017	—	—	—	—	—	—	—	—	—	—	1,681.4	31.9	55.0%	397.7		
	Residential		64,404	64,308	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		174,802	175,327	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		39,373	37,108	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		4,919	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		11,224	11,224	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
31	Shangyu Leading Lantai House (商丘龍閣台府)	59,698	—	—	—	—	—	—	91,425	86,792	23,571	February 3, 2019	April 11, 2019	December 30, 2021	—	March 31, 2021	June 30, 2021	—	435.9	435.6	51.0%	259.1		
	Residential		—	—	—	—	—	—	86,730	85,648	23,571	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		—	—	—	—	—	—	1,158	1,144	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		—	—	—	—	—	—	3,536	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	854.6	665.1	70.0%	753.9		
32	Zhumadian Royal Lantai Phase I (駐馬店皇家蘭台一期)	182,956	—	—	—	—	—	—	404,444	350,780	277,235	December 15, 2018	December 21, 2018	June 1, 2021	—	—	—	—	—	—	—	—	—	
	High-rise residential		—	—	—	—	—	—	187,524	187,174	178,976	—	—	—	—	—	—	—	—	—	—	—	—	
	Low-rise residential		—	—	—	—	—	—	121,992	118,940	93,308	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		—	—	—	—	—	—	4,681	4,609	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		—	—	—	—	—	—	46,862	39,966	4,951	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		—	—	—	—	—	—	1,476	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		—	—	—	—	—	—	41,908	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
33	Zhumadian Royal Lantai Phase II (駐馬店皇家蘭台二期)	70,891	—	—	—	—	—	—	—	—	—	—	—	—	—	May 31, 2021	July 30, 2021	June 1, 2023	136.8	559.8	70.0%	111.3		
	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED						UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT					
			Total GFA completed (sq.m.)	GFA available for sale/ Leasable GFA (sq.m.)	Saleable GFA unsold (sq.m.)	GFA sold but not yet delivered (sq.m.)	Actual construction commencement date	Actual construction completion date	Actual construction commencement date	Actual construction completion date	Estimated construction commencement date	Estimated construction completion date	Planned GFA for future development (sq.m.)	GFA without land use rights certificates (sq.m.)	Estimated construction commencement date	Estimated construction completion date	Development costs incurred as of May 31, 2020 (in RMB million)	Future development costs as of May 31, 2020 (in RMB million)	Group's interest	Market value attributable to the Group (in RMB million)
34	Zhuanadian Royal Lantai Phase III (桂阳店皇家蘭台三期)	75,862	—	—	—	—	—	—	—	—	—	—	208,355	—	January 1, 2022	March 1, 2025	133.0	628.2	70.0%	119.7
	Residential		—	—	—	—	—	—	—	—	—	—	161,564	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	28,622	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	4,989	—	—	—	—	—	—	—
35	Zhuanadian Royal Lantai Phase IV (桂阳店皇家蘭台四期)	168,489	—	—	—	—	—	—	—	—	—	—	339,236	—	December 1, 2022	December 1, 2025	290.2	1,127.7	70.0%	284.4
	Residential		—	—	—	—	—	—	—	—	—	—	260,511	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	23,121	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	13,798	—	—	—	—	—	—	—
36	Zhuanadian Royal Lantai Phase V (桂阳店皇家蘭台五期)	156,270	—	—	—	—	—	—	—	—	—	—	41,806	—	—	—	—	—	—	—
	Residential		—	—	—	—	—	—	—	—	—	—	388,318	—	July 31, 2021	August 1, 2023	287.7	1,220.3	70.0%	280.6
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
37	Jingzhou Leading Lantai House (荆州领航蘭台府)	54,070	—	—	—	—	—	—	—	—	—	—	—	—	—	—	784.6	330.8	100.0%	985.0
	Residential		—	—	—	—	—	—	—	—	—	—	208,275	187,129	April 26, 2019	December 31, 2021	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	145,079	145,037	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	4,798	4,814	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	36,678	36,678	—	—	—	—	—	—
38	Jingzhou Leading Fengming Lantai (荆州领航凤鸣蘭台)	48,399	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Residential		—	—	—	—	—	—	—	—	—	—	208,275	187,129	April 26, 2019	December 31, 2021	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	145,079	145,037	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	4,798	4,814	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	36,678	36,678	—	—	—	—	—	—
39	Leshan Amazon (乐山亚马逊)	91,900	391,528	384,781	—	—	December 29, 2009	April 28, 2010	—	—	—	—	—	—	—	—	—	—	—	—
	Residential		287,559	287,559	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		38,157	38,157	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		60,880	59,065	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		4,952	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT						Market value attributable to the Group (in RMB million)					
			GFA available for sale/Leasable GFA					Actual/Estimated construction pre-sale					Actual/Estimated construction commencement					GFA without land use rights/certificates			Estimated construction pre-sale			Estimated construction commencement			Development costs incurred as of May 31, 2020 (in RMB million)	Future development costs as of May 31, 2020 (in RMB million)	Group's interest	
			Total GFA completed (sq.m.)	GFA available for sale/Leasable GFA (sq.m.)	Saleable GFA unsold (sq.m.)	GFA sold but not yet delivered (sq.m.)	Actual commencement date	Estimated pre-sale date	Actual construction completion date	GFA under development (sq.m.)	Saleable GFA (sq.m.)	Presold GFA (sq.m.)	Actual commencement date	Estimated pre-sale date	Estimated construction completion date	Planned GFA for future development (sq.m.)	GFA without land use rights/certificates (sq.m.)	Estimated construction commencement date	Estimated construction pre-sale date	Estimated construction completion date										
40	Leshan Time Square (樂山時代廣場)	5,000	33,295	33,295	—	—	June 30, 2004	N/A	September 11, 2006	—	—	—	—	—	—	—	—	—	—	—	—	89.3	4.3	100.0%	195.6					
41	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		29,830	29,830	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		4,394	4,394	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		961	961	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
42	Portions of Leshan Amazon and Time Square (樂山亞馬遜時代廣場部分物業)	N/A	13,421	10,267	—	—	29/12/2009	—	16/10/2014	—	—	—	—	—	—	—	—	—	—	—	—	19.7	—	100.0%	44.1					
	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		9,815	9,815	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		462	462	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		3,154	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
43	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Leshan Haina Mansion (樂山海峽公寓)	36,200	99,000	94,007	6,826	78	May 23, 2013	September 6, 2013	January 5, 2016	—	—	—	—	—	—	—	—	—	—	—	—	278.9	0.1	51.0%	57.1					
	Residential		79,329	79,329	—	78	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		14,757	14,757	6,826	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
44	Ancillary		357	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		4,646	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Leshan Lanrai House (樂山蘭台府)	88,108	223,926	209,369	16,186	54,007	January 21, 2018	February 2, 2018	March 18, 2020	139,661	113,065	90,346	August 9, 2018	July 16, 2019	December 31, 2021	—	—	—	—	—	—	1,011.1	332.0	60.0%	544.8					
	Residential		129,316	129,316	2,235	1,902	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		44,829	44,829	119	31,513	—	—	—	—	113,065	113,065	90,346	—	—	—	—	—	—	—	—	—	—	—	—					
45	Car parks		35,224	35,224	13,833	21,392	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		14,357	—	—	—	—	—	—	5,717	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	20,859	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Leshan Tianyu (樂山天樞)	29,796	117,082	110,738	14,642	2,155	May 6, 2018	May 29, 2018	March 1, 2020	—	—	—	—	—	—	—	—	—	—	—	—	505.8	30.2	100.0%	75.0					
	Residential		89,356	89,356	1,115	2,016	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
46	Commercial		2,311	2,311	1,432	114	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		19,091	19,091	12,095	25	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		6,424	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Leshan Lianshan (樂山連山)	89,630	—	—	—	—	—	—	—	206,671	241,516	182,010	May 24, 2018	August 15, 2018	October 1, 2021	—	—	—	—	—	—	832.2	455.2	70.0%	779.8					
47	Residential		—	—	—	—	—	—	—	195,608	195,608	163,867	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	2,266	2,214	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	45,695	43,665	16,144	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	7,277	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	19,825	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
48	Leshan International Mansion (樂山國際公寓)	127,204	577,228	557,426	2,793	901	February 10, 2012	December 27, 2012	May 17, 2019	—	—	—	—	—	—	—	—	—	—	—	—	1,643.1	55.1	100.0%	12.0					
	Residential		456,963	456,963	263	539	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		24,510	24,510	340	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		75,953	75,953	2,530	22	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		19,156	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Others		467	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					

BUSINESS

— 197 —

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
			GFA available for sale/Leasable GFA					GFA sold but not yet delivered					Actual/Estimated pre-sale commencement completion					Actual/Estimated pre-sale commencement completion					GFA without land use rights certificates					Estimated construction pre-sale completion date					Estimated construction costs incurred as of May 31, 2020					Future development costs as of May 31, 2020					Group's attributable to the Group (in RMB million)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
			(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(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.)	(sq.m.)

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED				UNDER CONSTRUCTION				FOR FUTURE DEVELOPMENT												
			Total GFA completed (sq.m.)	GFA available for sale/ Leasable GFA (sq.m.)	Saleable GFA unsold (sq.m.)	GFA sold but not yet delivered (sq.m.)	Actual/		GFA under development (sq.m.)	Saleable GFA Presold (sq.m.)	Actual construction commencement date	Estimated construction completion date	Actual/		Planned GFA for future development (sq.m.)	GFA without land use rights certificates (sq.m.)	Estimated construction commencement date	Estimated construction pre-sale date	Estimated construction completion date	Development costs incurred as of May 31, 2020 (in RMB million)	Future development costs as of May 31, 2020 (in RMB million)	Group's interest	Market value attributable to the Group (in RMB million)
							Actual construction commencement date	Actual construction completion date					Estimated construction pre-sale date	Estimated construction completion date									
61	Maoyang Tianyu (锦阳天域)	26.40	101,218	90,445	8,166	6,824	May 1, 2018	June 15, 2018	March 31, 2020	—	—	—	—	—	—	—	—	—	—	433.5	36.5	65.0%	No commercial value
	Residential		74,277	74,277	—	1,057	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		3,685	3,685	1,315	135	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		12,484	12,484	6,851	5,632	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		4,978	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
62	Maoyang Lanai House (锦阳澜台府)	56.60	147,076	125,157	7,882	117,276	June 1, 2018	November 6, 2018	August 20, 2020	—	—	—	—	—	—	—	—	—	—	713.1	167.4	62.1%	707.3
	Residential		109,528	109,528	121	109,407	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		2,242	2,242	1,992	250	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		13,387	13,387	5,769	7,619	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		4,793	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
63	Maoyang Lanai House (锦阳澜台府)	59.74	17,125	—	—	—	—	—	—	247,245	233,401	60,192	December 31, 2019	January 2, 2020	May 20, 2022	—	—	—	—	974.9	571.8	82.0%	893.0
	Residential		—	—	—	—	—	—	—	184,621	184,621	60,192	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	48,779	48,779	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	2,070	—	—	—	—	—	—	—	—	—	—	—	—	—
64	Maoyang Tianyu (锦阳天域)	25.03	—	—	—	—	—	—	—	11,774	74,200	59,178	February 12, 2019	May 23, 2019	June 30, 2021	—	—	—	—	438.9	90.3	100.0%	538.0
	Residential		—	—	—	—	—	—	—	38,455	58,455	57,462	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	4,538	4,538	1,716	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	11,277	11,277	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	2,381	—	—	—	—	—	—	—	—	—	—	—	—	—
65	Yan'an Yuning (雁安云锦)	30.84	—	—	—	—	—	—	—	5,989	93,426	74,425	May 31, 2018	August 8, 2018	December 30, 2020	—	—	—	—	428.9	94.3	100.0%	567.0
	Residential		—	—	—	—	—	—	—	96,783	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	—	69,218	69,218	69,101	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	2,721	857	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	21,487	21,487	4,466	—	—	—	—	—	—	—	—	—	—	—
66	Yan'an Guanjing House (雁安观锦府)	39.49	—	—	—	—	—	—	—	3,357	—	—	—	—	—	—	—	—	—	—	—	—	—
	Residential		—	—	—	—	—	—	—	114,987	109,096	84,161	October 11, 2018	November 29, 2018	January 31, 2021	—	—	—	—	424.7	147.3	100.0%	600.0
	Commercial		—	—	—	—	—	—	—	81,687	81,687	81,226	—	—	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	2,799	1,729	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	24,610	24,610	1,205	—	—	—	—	—	—	—	—	—	—	—
67	Yan'an Tianyu (雁安天域)	18.253	70,302	68,614	10,861	4,102	August 5, 2017	October 30, 2017	September 12, 2019	—	—	—	—	—	—	—	—	—	—	382.4	26.8	95.0%	63.7
	Residential		47,413	47,413	—	139	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial		7,008	7,006	900	3,964	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Car parks		14,095	14,195	9,961	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Ancillary		1,876	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT															
			GFA available for sale/			GFA sold but not yet delivered			Actual/		Actual/		GFA under development			Actual/			Actual/			GFA without land use rights certificates			Estimated construction pre-sale completion date		Estimated construction pre-sale completion date		Development costs incurred as of May 31, 2020		Future development costs as of May 31, 2020		Group's attributable to the Group interest	Market value attributable to the Group (in RMB million)
			Total GFA completed	Lessable GFA	(sq.m.)	Saleable GFA unsold	(sq.m.)	GFA sold but not yet delivered	(sq.m.)	423	July 25, 2017	December 8, 2017	January 9, 2020	GFA under development	(sq.m.)	Saleable GFA Presold	(sq.m.)	Actual construction commencement date	Estimated pre-sale completion date	Estimated construction completion date	Planned GFA for future development	(sq.m.)	Estimated construction completion date	Estimated pre-sale completion date	Estimated construction completion date	31, 2020	May 31, 2020	31, 2020	May 31, 2020					
68	Ya'an Lantai House (雅安閣台府)	43,790	90,273	87,135	12,123	423	423	July 25, 2017	December 8, 2017	January 9, 2020	25,356	19,380	—	July 25, 2017	January 31, 2021	January 31, 2021	—	—	—	—	(sq.m.)	—	—	—	—	461.7	24.8	950%	155.8					
69	Residential		66,796	66,796	892	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		20,359	20,359	11,231	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		3,119	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ya'an Lantai House Phase III (雅安閣台府三期)	53,520	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
70	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Manvang Guangjiang House (錦陽龍江府)	144,705	—	—	—	—	—	—	—	—	—	39,975	36,271	28,476	November 22, 2019	December 19, 2019	April 1, 2021	—	—	—	—	541,729	—	December 20, 2020	December 30, 2020	November 30, 2023	1,230.7	1,839.7	100.0%	1,218.0				
71	Residential		—	—	—	—	—	—	—	—	27,840	27,840	27,188	—	—	—	—	—	—	—	378,463	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	856	856	599	—	—	—	—	—	—	—	24,552	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	7,575	7,575	689	—	—	—	—	—	—	—	98,256	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	3,704	—	—	—	—	—	—	—	—	—	40,479	—	—	—	—	—	—	—	—					
	Manvang Leading Dongguan (錦陽龍東源園城)	116,755	—	—	—	—	—	—	—	—	334,114	323,403	168,583	November 20, 2019	December 18, 2020	June 20, 2022	—	—	—	—	287,613	—	October 26, 2020	December 30, 2020	June 30, 2023	1,330.2	1,507.0	50.0%	814.0					
72	Residential		—	—	—	—	—	—	—	—	270,944	270,944	168,110	—	—	—	—	—	—	—	125,238	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	4,130	4,130	473	—	—	—	—	—	—	—	65,923	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	90,329	90,329	50,329	—	—	—	—	—	—	—	61,549	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	—	8,711	—	—	—	—	—	—	—	—	—	5,913	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	28,990	—	—	—	—	—	—	—	—					
	Ya'an Yuejiangting (雅安悅江庭)	16,674	—	—	—	—	—	—	—	—	76,424	63,354	6,436	December 3, 2019	December 3, 2020	September 1, 2021	—	—	—	—	—	—	—	—	—	180.6	163.6	51.0%	114.8					
73	Residential		—	—	—	—	—	—	—	—	55,122	53,459	6,436	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	2,148	2,148	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	9,767	9,767	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	—	5,144	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	4,243	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Xichang Tianyu (西昌天御)	26,935	—	—	—	—	—	—	—	—	112,331	103,267	36,882	May 28, 2020	June 24, 2020	August 31, 2022	—	—	—	—	—	—	—	—	—	206.2	396.7	100.0%	286.0					
74	Residential		—	—	—	—	—	—	—	—	76,557	76,557	36,149	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Commercial		—	—	—	—	—	—	—	—	4,040	4,040	733	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Car parks		—	—	—	—	—	—	—	—	22,689	22,689	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Ancillary		—	—	—	—	—	—	—	—	5,156	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Others		—	—	—	—	—	—	—	—	3,889	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
	Kaili Leading Tianyu (凱麗龍城天御)	251,148	942,161	917,102	—	—	—	—	—	—	—	206,730	205,548	60,036	March 12, 2020	March 30, 2020	December 30, 2022	—	—	—	—	732,432	—	March 31, 2021	April 10, 2021	May 30, 2025	890.6	2,805.0	100.0%	730.0				
	Residential		714,366	714,366	—	—	—	—	—	—	176,819	176,724	60,036	—	—	—	—	—	—	—	537,547	—	—	—	—	—	—	—	—	—				
	Commercial		29,840	29,840	—	—	—	—	—	—	3,912	3,912	—	—	—	—	—	—	—	—	26,248	—	—	—	—	—	—	—	—	—				
	Car parks		168,823	168,823	—	—	—	—	—	—	25,394	25,394	—	—	—	—	—	—	—	—	143,429	—	—	—	—	—	—	—	—	—				
	Ancillary		19,876	4,073	—	—	—	—	—	—	3,925	—	—	—	—	—	—	—	—	—	13,952	—	—	—	—	—	—	—	—	—				

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT									
			GFA available for sale/ Leasable GFA					Actual/ Actual/<																				

BUSINESS

— 202 —

BUSINESS

Reference to Property Valuation Report	Project	COMPLETED						UNDER CONSTRUCTION				FOR FUTURE DEVELOPMENT						Market value attributable to the Group (in RMB million)						
		Site Area	Total GFA completed (sq.m.)	GFA available for sale/Leasable GFA (sq.m.)	Sizable GFA unsold (sq.m.)	GFA sold but not yet delivered (sq.m.)	Actual construction commencement date	Estimated pre-sale commencement date	Actual construction completion date	GFA under development (sq.m.)	Sizable GFA Pre-sold (sq.m.)	Actual construction commencement date	Estimated pre-use commencement date	Actual construction completion date	Estimated construction completion date	GFA without land use rights for future development (sq.m.)	Estimated construction commencement date		Estimated pre-sale commencement date	Estimated construction completion date	Development costs incurred as of May 31, 2020 (in RMB million)	Future development costs as of May 31, 2020 (in RMB million)		
89	Luoke Lishang Lantai (樂科利尚廣場)	106,858	—	—	—	—	—	—	—	—	—	—	—	—	—	—	335,603	335,603	December 20, 2020	January 31, 2021	January 31, 2024	—	N/A	100.0%
	Residential	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	262,549	262,549	—	—	—	—	—	—
	Commercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,403	7,403	—	—	—	—	—	—
	Car parks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45,570	45,570	—	—	—	—	—	—
	Ancillary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,640	3,640	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	16,440	16,440	—	—	—	—	—	—
	Total	6,395,600	20,665,063	19,110,325	293,351	286,434	—	—	—	—	—	—	—	—	—	—	8,597,666	7,874,441	3,009,355	5,708,448	2,292,656	56,899.7	47,246.0	40,004.5

Notes:

- As at the valuation date, property nos. 1, 77, 78, 80 to 82, 84 and 87 to 89 had not been assigned to our Group and thus the title of the aforesaid properties had not been vested in our Group. Therefore, the Property Valuation Report has attributed no commercial value to property nos. 1, 77, 78, 80 to 82, 84 and 87 to 89. However, for reference purpose, JLL is of the opinion that the total market value of the aforesaid properties as at the valuation date would be RMB5,494,000,000 assuming the relevant title certificates have been obtained by our Group and our Group is entitled to freely transfer the aforesaid properties.
- As at the valuation date, building ownership certificates for the kindergarten and 22 car parking spaces of property no. 28, 81's car parking spaces of property no. 24 and 601 car parking spaces of property no. 54 with a total gross floor area of approximately 47,085.21 sq.m. could not be obtained. Therefore, the Property Valuation Report has attributed no commercial value to the above portions. However, for reference purpose, JLL is of the opinion that the total market value of the above portions as at the valuation date would be RMB99,000,000 assuming the property can be freely transferred, leased, mortgaged or otherwise disposed of by our Group.
- The Property Valuation Report has attributed no commercial value to property No. 61 as it was subject to sequestration according to the Company's PRC Legal Advisors. However, for reference purpose, JLL is of the opinion that the market value of property No. 61 as at the valuation date would be RMB66,000,000 assuming the property can be freely transferred, leased, mortgaged or otherwise disposed of by our Group.
- The total market value attributable to our Group did not take into account the reference values attributed to property nos. 1, portion of 24, 28 and 54, 61, 77, 78, 80 to 82, 84 and 87 to 89.

BUSINESS

The table below (the “Joint Ventures and Associates Project Table”) sets forth the details of the property projects developed by our joint ventures and associates as of September 30, 2020, except as otherwise indicated:

Reference to Property Valuation Report	Project	Site Area	COMPLETED						UNDER CONSTRUCTION						FOR FUTURE DEVELOPMENT						Market value attributable to the Group (in RMB million)		
			Total GFA completed	GFA available for sale/ Leasable GFA	GFA unsold	GFA sold but not yet delivered	Actual construction commencement date	Actual construction completion date	Actual construction commencement date	Actual construction completion date	GFA under development	Saleable GFA	Pre-sold GFA	Actual construction commencement date	Estimated pre-sale construction commencement date	Estimated construction completion date	GFA without land use rights certificates	Estimated construction commencement date	Estimated construction completion date	Development costs incurred as of May 31, 2020 (in RMB million)		Future development costs as of May 31, 2020 (in RMB million)	Group's interest
Project developed by associates:	1Chengdu Beilin Lake (成都北林湖)	29,995	89,250	68,293	4,372	—	April 20, 2018	September 25, 2018	December 26, 2019	—	—	—	—	—	—	—	—	—	—	939.0	4.4	40.0%	N/A
		Residential	53,740	53,740	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Commercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Car parks	18,839	14,553	4,372	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Ancillary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Others	16,671	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Project developed by joint ventures:	2Leshan Fendi Grading (乐山峨边• 麓山)	50,302	—	—	—	—	—	—	—	—	52,634	50,924	14,177	December 29, 2018	April 19, 2019	December 29, 2020	—	—	—	214.0	123.5	61.2%	N/A
		Residential	—	—	—	—	—	—	—	—	50,924	—	14,177	—	—	—	—	—	—	—	—	—	—
		Commercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Car parks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		Ancillary	—	—	—	—	—	—	—	—	1,710	—	—	—	—	—	—	—	—	—	—	—	—
		Others	—	—	—	—	—	—	—	—	112,221	104,002	83,271	September 17, 2018	November 2, 2018	September 30, 2021	—	—	—	385.0	332.8	47.0%	N/A
3Xuzhou Dongshunhua House (徐州东顺华)	31,251	—	—	—	—	—	—	—	—	82,203	82,202	82,202	—	—	—	—	—	—	—	—	—	—	
	Residential	—	—	—	—	—	—	—	—	697	697	—	—	—	—	—	—	—	—	—	—	—	
	Commercial	—	—	—	—	—	—	—	—	22,198	19,257	3,068	—	—	—	—	—	—	—	—	—	—	
	Car parks	—	—	—	—	—	—	—	—	5,278	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary	—	—	—	—	—	—	—	—	1,845	—	—	—	—	—	—	—	—	—	—	—	—	
	Others	—	—	—	—	—	—	—	—	217,516	199,591	46,794	January 9, 2019	April 16, 2019	December 31, 2020	—	—	—	390.0	710.3	47.0%	N/A	
4Xuzhou Fengming Tianshan (徐州冯明天山)	141,979	—	—	—	—	—	—	—	—	173,880	163,993	46,794	—	—	—	—	—	—	—	—	—	—	
	Residential	—	—	—	—	—	—	—	—	11,456	11,456	—	—	—	—	—	—	—	—	—	—	—	
	Commercial	—	—	—	—	—	—	—	—	24,291	24,143	—	—	—	—	—	—	—	—	—	—	—	
	Car parks	—	—	—	—	—	—	—	—	7,889	—	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5Xuzhou Fengming Tianshan (徐州冯明天山)	234,196	132,892	116,608	19,124	1,696	December 15, 2017	January 18, 2018	December 30, 2019	—	39,630	34,932	1,018	December 15, 2017	March 2, 2019	June 15, 2021	—	—	—	1,126.9	2.5	47.0%	N/A	
	Residential	116,608	116,608	19,124	1,696	—	—	—	—	12,207	12,207	1,018	—	—	—	—	—	—	—	—	—	—	
	Commercial	—	—	—	—	—	—	—	—	2,309	2,309	—	—	—	—	—	—	—	—	—	—	—	
	Car parks	—	—	—	—	—	—	—	—	20,416	20,416	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary	—	—	—	—	—	—	—	—	2,719	—	—	—	—	—	—	—	—	—	—	—	—	
	Others	16,284	—	—	—	—	—	—	—	1,980	—	—	—	—	—	—	—	—	—	—	—	—	
6Zhangjiakou Yuanjun Maiting Funguan (张家口元骏漫庭官苑)	170,592	140,598	137,334	39,244	6,893	February 1, 2018	June 14, 2018	July 30, 2020	—	96,794	82,003	—	February 12, 2018	June 14, 2018	December 30, 2020	178,086	—	June 1, 2021	September 1, 2021	1,032.0	880.1	33.8%	N/A
	Residential	133,378	133,378	35,289	6,893	—	—	—	—	63,678	63,678	—	—	—	—	—	—	—	—	—	—	—	—
	Commercial	1,324	1,324	1,324	—	—	—	—	—	1,728	1,728	—	—	—	—	—	—	—	—	—	—	—	
	Car parks	—	—	—	—	—	—	—	—	12,074	12,074	—	—	—	—	—	—	—	—	—	—	—	
	Ancillary	577	—	—	—	—	—	—	—	2,533	—	—	—	—	—	—	—	—	—	—	—	—	
	Kindergarten	2,687	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Others	2,651	2,651	2,651	—	—	—	—	—	16,782	4,324	—	—	—	—	—	—	—	—	—	—	—	—	

BUSINESS

Reference to Property Valuation Report	Project	Site Area	COMPLETED										UNDER CONSTRUCTION										FOR FUTURE DEVELOPMENT										Market value attributable to the Group in RMB million
			Total GFA completed	GFA available for sale/Leasable GFA	Sizable GFA unsold	GFA sold but not yet delivered	Actual construction commencement date	Estimated pre-sale commencement date	Actual construction completion date	GFA under development	Sizable GFA	Pre-sold GFA	Actual construction commencement date	Estimated pre-sale commencement date	Estimated construction completion date	Planned GFA for future development	GFA without land use rights certificates	Estimated construction commencement date	Estimated pre-sale date	Estimated construction completion date	Development costs incurred as of May 31, 2020 (in RMB million)	Future development costs as of May 31, 2020 (in RMB million)	Group's interest										
7	Leshan Qingjiang Lantai (乐山清江澜台)	50,000	—	—	—	—	—	—	192,213	178,665	158,775	May 10, 2018	May 21, 2018	May 9, 2021	—	—	—	—	—	—	679.0	138.1	40.0%	N/A									
8	Residential		—	—	—	—	—	—	146,580	146,580	144,659	—	—	—	—	—	—	—	—	—	—	—	—	—									
	Commercial		—	—	—	—	—	—	3,740	3,740	2,763	—	—	—	—	—	—	—	—	—	—	—	—										
	Car parks		—	—	—	—	—	—	28,345	28,345	11,353	—	—	—	—	—	—	—	—	—	—	—	—										
	Ancillary		—	—	—	—	—	—	8,085	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Others		—	—	—	—	—	—	5,464	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
9	Ya'an Tianhan (雅安天瀚)	15,530	62,184	59,284	12,207	285	October 1, 2017	January 4, May 29, 2020	—	—	—	—	—	—	—	—	—	—	—	—	221.0	25.2	51.0%	N/A									
	Residential		43,765	43,765	676	152	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Commercial		2,072	2,072	—	133	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Car parks		13,447	13,447	11,531	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Ancillary		2,900	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
10	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Ya'an Tianhan Bay (雅安天瀚湾)	70,140	—	—	—	—	—	—	121,718	108,592	23,165	December 4, 2019	March 27, November 18, 2020	2021	104,040	—	September 1, 2021	December 1, 2021	September 30, 2023	427.0	50.9	34.0%	N/A										
	Residential		—	—	—	—	—	—	73,961	73,961	23,165	—	—	—	76,492	—	—	—	—	—	—	—	—										
	Commercial		—	—	—	—	—	—	12,755	12,755	—	—	—	—	2,075	—	—	—	—	—	—	—	—										
	Car parks		—	—	—	—	—	—	21,865	21,865	—	—	—	—	15,302	—	—	—	—	—	—	—	—										
11	Ancillary		—	—	—	—	—	—	2,748	—	—	—	—	—	6,087	—	—	—	—	—	—	—	—										
	Others		—	—	—	—	—	—	10,388	—	—	—	—	—	4,084	—	—	—	—	—	—	—	—										
	Shenzhen Guanlan (深圳观澜)	20,652	—	—	—	—	—	—	—	—	—	—	—	—	134,106	—	December 1, April 1, 2021	September 30, 2020	2023	447.0	479.6	50.0%	N/A										
	Residential		—	—	—	—	—	—	—	—	—	—	—	—	84,820	—	—	—	—	—	—	—	—										
	Commercial		—	—	—	—	—	—	—	—	—	—	—	—	11,800	—	—	—	—	—	—	—	—										
12	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	30,660	—	—	—	—	—	—	—	—										
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	6,826	—	—	—	—	—	—	—	—	—										
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Leshan Hongfang Shuanglin International Center (乐山红房双林国际中心)	31,652	—	—	—	—	—	—	213,082	193,147	137,253	June 1, 2018	August 15, May 30, 2018	2021	—	—	—	—	—	389.0	214.9	48.0%	N/A										
	Residential		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
13	Commercial		—	—	—	—	—	—	91,246	90,077	90,077	—	—	—	—	—	—	—	—	—	—	—	—										
	Offices		—	—	—	—	—	—	45,508	42,018	4,075	—	—	—	—	—	—	—	—	—	—	—	—										
	Car parks		—	—	—	—	—	—	29,804	28,896	26,709	—	—	—	—	—	—	—	—	—	—	—	—										
	Ancillary		—	—	—	—	—	—	37,866	32,156	16,392	—	—	—	—	—	—	—	—	—	—	—	—										
	Others		—	—	—	—	—	—	10,657	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
14	Leshan Qingjiang Huase (乐山清江华府)	113,204	—	—	—	—	—	—	310,912	302,367	134,386	August 30, 2019	September 30, 2019	December 31, 2022	147,220	—	December 28, 2020	March 20, 2021	October 10, 2023	1,174.7	1,145.0	35.0%	N/A										
	Residential		—	—	—	—	—	—	213,015	213,015	134,386	—	—	—	97,534	—	—	—	—	—	—	—	—										
	Commercial		—	—	—	—	—	—	14,298	14,298	—	—	—	—	10,872	—	—	—	—	—	—	—	—										
	Car parks		—	—	—	—	—	—	78,782	75,054	—	—	—	—	30,941	—	—	—	—	—	—	—	—										
	Ancillary		—	—	—	—	—	—	4,818	—	—	—	—	—	7,883	—	—	—	—	—	—	—	—										
15	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
	Jiangyou Light of the Age (江油时代之光)	94,359	—	—	—	—	—	—	164,135	150,188	89,980	July 6, 2019	September 12, 2019	August 30, 2021	168,601	—	November 30, 2020	December 30, 2020	November 30, 2022	427.5	719.5	35.0%	N/A										
	Residential		—	—	—	—	—	—	122,671	122,671	87,444	—	—	—	133,295	—	—	—	—	—	—	—	—										
	Commercial		—	—	—	—	—	—	4,026	4,026	2,535	—	—	—	3,776	—	—	—	—	—	—	—	—										
	Car parks		—	—	—	—	—	—	23,490	23,490	—	—	—	—	23,529	—	—	—	—	—	—	—	—										
16	Ancillary		—	—	—	—	—	—	5,438	—	—	—	—	—	5,435	—	—	—	—	—	—	—	—										
	Others		—	—	—	—	—	—	8,509	—	—	—	—	—	2,566	—	—	—	—	—	—	—	—										

BUSINESS

Reference to Property Valuation Report	Project	COMPLETED					UNDER CONSTRUCTION					FOR FUTURE DEVELOPMENT												
		Site Area	Total GFA completed	GFA available for sale/Leasable GFA	Saleable GFA unsold	GFA sold but not yet delivered	Actual construction commencement date	Estimated pre-sale date	Actual construction completion date	GFA under development	Saleable GFA	Pre-sold GFA	Actual construction commencement date	Estimated pre-sale date	Estimated construction completion date	Planned GFA for future development	GFA without land use rights certificates	Estimated construction commencement date	Estimated pre-sale date	Estimated construction completion date	Development costs incurred as of May 31, 2020	Future development costs as of May 31, 2020	Group's interest	Market value attributable to the Group
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(sq.m.)	(sq.m.)	(sq.m.)				(sq.m.)	(sq.m.)				(in RMB million)	(in RMB million)		(in RMB million)
14	Xichang Nanshan House (西昌南山府)	66,322	—	—	—	—	—	—	131,211	126,415	18,281	September 29, 2019	October 18, 2019	March 1, 2022	51,642	—	February 28, 2021	May 31, 2021	July 31, 2022	841.3	674.6	38.0%	N/A	
	Residential		—	—	—	—	—	—	88,276	88,276	18,281	—	—	—	41,168	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	2,693	2,693	—	—	—	—	6,014	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	33,446	33,446	—	—	—	—	939	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	4,796	—	—	—	—	—	3,522	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Changlu Tianfu Leading Town (成都天府新城)	271,801	—	—	—	—	—	—	407,406	371,130	—	April 13, 2020	December 12, 2020	April 15, 2023	338,292	—	January 30, 2021	November 30, 2021	September 30, 2023	1,952.8	3,381.5	45.0%	N/A	
	Residential		—	—	—	—	—	—	202,102	202,102	—	—	—	—	178,626	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	87,093	87,056	—	—	—	—	73,483	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	81,971	81,971	—	—	—	—	70,601	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	8,833	—	—	—	—	—	2,920	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	27,406	—	—	—	—	—	33,163	—	—	—	—	—	—	—	—	—
16	EMC Lianhua Lake (峨眉·莲花湖)	247,377	—	—	—	—	—	—	127,684	124,849	1,820	March 27, June 24, 2020	June 30, 2022	—	291,891	—	April 28, 2021	August 7, 2021	November 1, 2025	48.6	1,881.1	40.0%	N/A	
	Residential		—	—	—	—	—	—	48,826	48,826	—	—	—	—	174,079	—	February 28, 2021	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	84,023	84,023	1,820	—	—	—	76,699	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	—	—	—	—	—	—	2,345	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	264	—	—	—	—	—	8,003	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	2,571	—	—	—	—	—	30,766	—	—	—	—	—	—	—	—	—
17	Lesan Country Garden Leading Tangyu Lantai (乐山碧桂园悦棠台)	56,197	—	—	—	—	—	—	91,341	86,316	—	September 1, 2020	October 20, 2020	March 5, 2022	96,013	—	December 1, 2020	March 1, 2021	July 5, 2023	—	82.6	50.0%	N/A	
	Residential		—	—	—	—	—	—	70,408	70,408	—	—	—	—	65,578	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	15,908	15,908	—	—	—	—	4,200	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	5,025	—	—	—	—	—	21,647	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	—	4,588	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Zhangjiye Xinong Leading Robert Happiness Town (张家界新城·悦园)	77,783	—	—	—	—	—	—	178,080	174,711	—	September 10, 2020	November 28, 2020	December 31, 2022	100,660	—	December 31, 2020	June 30, 2021	December 31, 2022	—	1,183.4	30.0%	N/A	
	Residential		—	—	—	—	—	—	128,275	128,275	—	—	—	—	597	—	—	—	—	—	—	—	—	—
	Commercial		—	—	—	—	—	—	16,449	16,449	—	—	—	—	71,910	—	—	—	—	—	—	—	—	—
	Car parks		—	—	—	—	—	—	33,356	29,987	—	—	—	—	26,551	—	—	—	—	—	—	—	—	—
	Ancillary		—	—	—	—	—	—	—	—	—	—	—	1,601	—	—	—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total		1,773,012	424,923	381,518	74,947	8,875	—	—	2,486,576	2,287,820	710,919	—	—	—	1,631,060	—	—	—	—	—	10,653.8	13,369.8	—	—

Note:

(1) Projects developed by our joint ventures and associates were not included in the Property Valuation Report as set out in Appendix III of this document. As such, reference numbers of these projects do not cross-refer to the Property Valuation Report.

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Cooperation Agreements with Our Business Partners

Our joint ventures and associates are formed to develop specific property projects. Under the cooperation agreements to form joint ventures and associates (the “**Cooperation Agreements**”), our business partners and we generally are obligated to contribute to the project development, to share the profits or losses and to hold the voting power in proportion to the percentage of shares to which each party has subscribed. The project company usually acquires the land for the specific property projects to be developed through public tenders, auctions and listings-for-sale before entering into the relevant Cooperation Agreements. Our business partners generally control the overall business operations of such project companies. Our business partner and we will separately appoint different numbers of directors, depending on the specific arrangement for each project company. Normally, one party appoints the general manager of the project company while the other party appoints the deputy manager. According to the Cooperation Agreements, for different functional departments of the project company, including project management, cost management, accounting, design management, marketing planning and others, generally we will assign the head managers for some departments, while our business partners assign for the other ones. Each party will be responsible for different aspects or stages of the project development, while both parties will participate and contribute. The land premiums are assumed by our business partner and us proportionately based on each party’s percentage of shares in the project company. The project company generally will obtain external financing, secured by its relevant land use rights, for the project development. Additional financial support will normally be provided by our business partner and us proportionately based on each party’s percentage of shares in the project company. The development schedule and costs are determined and monitored and the project company operates according to the Cooperation Agreements, company bylaws, and internal procedures. The project company will establish its own tender procedures to select contractors and suppliers. The construction schedule will be monitored by the project company’s construction management department. Our business partner usually will be responsible for the property project’s overall product positioning, while the ultimate project design, marketing and sales plan will be approved by both parties. All payments to be made by the project company will need to be approved by its officers at different positions which are appointed by our business partner and us separately according to the Cooperation Agreement. The annual accountants’ report of the project company will be prepared by the accountant firm approved by the board of directors. The profits from the project company normally will be distributed, in compliance with the applicable laws and regulations, to our business partner and us proportionately based on each party’s percentage of shares in the project company.

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The joint ventures and associates benefit from the resources pooled together by both parties. For example, both our business partners and we may contribute to the design for the property project through each party’s respective product development department or property design team, which usually improve the marketability of the property project and customer satisfaction; the business partners and we may pool our information on construction contractors and other suppliers together, which empowers the joint ventures or associates to select the ones that may provide goods and services of good quality for this property projects while maintaining good control of the development costs; the joint ventures and associates may also improve its operation efficiency by using the information system, such as office automation systems and finance systems, made available by both parties; and both parties’ market reputation may also boost the sales of the property project.

Although either party may face the risk that it does not have a full control on the operations of the joint ventures or associates, we believe that such risk is of less significance compared to the benefits that we may receive from the Cooperation Agreements with our business partners. We have contractual arrangements in the Cooperation Agreements setting forth that the liabilities are usually determined based on the specific circumstances of the breach and the damages caused by such breach, with liquidated damages included in some of the Cooperation Agreements to further ensure parties’ fulfillment of their respective obligations. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our business partners in relation to the operations of our joint ventures and associates.

Assets and Liabilities of Our Material Joint Ventures and Associates

The tables below set forth the assets and liabilities of our material joint ventures. The assets and liabilities set forth below were not consolidated into our Group’s accounts as we adopted the equity accounting method.

(1) Xuzhou Weichuang Real Estate Development Co., Ltd. (徐州唯創房地產開發有限公司)

	<u>December 31,</u>		<u>May 31,</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Current assets	329,044	741,715	727,414
Non-current assets	—	—	—
Current liabilities	(288,096)	(671,957)	(709,011)
Non-current liabilities	<u>—</u>	<u>(50,000)</u>	<u>—</u>
Net assets	<u>40,948</u>	<u>19,758</u>	<u>18,403</u>

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(2) *Zhangjiakou Yuanlv Real Estate Development Co., Ltd.* (張家口原綠房地產開發有限公司)

	December 31,			May 31,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	394,897	987,744	804,794	762,800
Non-current assets	1,831	14,089	15,903	3,312
Current liabilities	(352,300)	(792,387)	(445,138)	(582,420)
Non-current liabilities	—	(182,600)	(267,400)	(90,800)
Net assets	44,428	26,846	108,159	92,892

(3) *Xuzhou Fang Jin Real Estate Development Co., Ltd.* (徐州方錦置業有限公司)

	December 31,		May 31,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Current assets	832,867	564,419	606,939
Non-current assets	225	151	121
Current liabilities	(792,256)	(489,492)	(535,856)
Non-current liabilities	(10,779)	—	—
Net assets	30,057	75,078	71,204

(4) *Sichuan Ruiyuxiang Real Estate Development Co., Ltd.* (四川省瑞與祥房地產開發有限公司)

	December 31,			May 31,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	267,575	270,427	237,135	299,994
Non-current assets	—	—	—	—
Current liabilities	(103,478)	(114,267)	(130,172)	(198,727)
Non-current liabilities	(33,573)	(33,573)	—	—
Net assets	130,524	122,587	106,963	101,267

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(5) *Shenzhen Fengsheng Shili Steel Tube Co., Ltd.* (深圳豐盛實力鋼管有限公司)

	December 31,			May 31,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	659,752	684,856	555,968	566,781
Non-current assets	33	33	28	26
Current liabilities	(130,862)	(154,216)	(159,158)	(170,837)
Non-current liabilities	(130,948)	(130,948)	—	—
Net assets	397,975	399,725	396,838	395,970

(6) *Leshan Chuanda Real Estate Development Co., Ltd.* (樂山川達房地產開發有限公司)

	December 31,			May 31,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	200,083	711,482	826,130	901,528
Non-current assets	6	13,864	78	27,596
Current liabilities	(150,125)	(690,090)	(813,534)	(967,891)
Non-current liabilities	—	—	—	—
Net assets/(net liabilities).	49,964	35,256	12,674	(38,767)

The table below sets forth the assets and liabilities of our material associate. The assets and liabilities sets forth below were not consolidated into our Group's accounts as we adopted the equity accounting method.

(1) *Chengdu Jinkaishengrui Real Estate Development Co., Ltd.* (成都金凱盛瑞房地產開發有限公司)

	December 31,		May 31,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Current assets	1,106,658	1,503,275	1,425,580
Non-current assets	15,852	130	15,152
Current liabilities	(547,211)	(1,342,386)	(1,347,383)
Non-current liabilities	(400,909)	(1,009)	(52)
Net assets	174,390	160,010	93,297

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Operation Results of Our Material Joint Ventures and Associates

For information on the operation results of our material joint ventures and associates during the Track Record Period, see “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Investments in joint ventures and associates.”

Description of Projects

Except as otherwise indicated, description of our property projects set forth below is as of September 30, 2020.

Chengdu Yipin Center (成都一品中心)

Chengdu Yipin Center is located in Chadianzi Area (茶店子板塊) of Chengdu, Sichuan province. It features a commercial complex with office buildings, commercial blocks, apartments and a hotel, with subway station and commercial area in its vicinity. It primarily targets purchasers for investment purposes. We expect to commence the construction of this project in 2021 and to complete in 2024. As of May 31, 2020, we had fully paid the land premiums for the land parcels of Chengdu Yipin Center, but had not obtained the land use rights certificate/real estate title certificate (Land) for this project. During the Track Record Period, we had paid contractual penalty of RMB18.9 million due to our delay in payment for the land premiums for this project. Payment schedule for this project was adjusted later on as we needed to revise our original construction plan due to changes in the local government’s construction plan vetting criteria, which resulted from changes in certain PRC national security policies. Accordingly, we did not incur any non-compliance incidents, or any further contractual liabilities, in this regard. We are in the process of preparing the necessary applications to the government for project planning and construction, and expect to obtain the land use rights certificate/real estate title certificate (Land) for this project in 2021, after the local government vets and authorizes our construction plan revised as per the requirements of the amended governmental vetting criteria.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
—	111,021	—	14,000	16,488	141,509

For further information, please refer to Property No. 1 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Leading Center (成都領地中心)



Chengdu Leading Center is located in Chengdu, Sichuan province, adjacent to Tianfu Square (天府廣場) and office buildings, with convenient access to public transportation system and commercial areas. It comprises commercial buildings, including one hotel, namely, Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店), as well as car parks and ancillary areas. In 2019, it was recognized as Super Grade-A Business Office Building (超甲級商務寫字樓) by Chengdu Building Grade Rating Committee (成都市樓宇等級評定委員會). As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2018. For details of Canopy by Hilton, Leading Center, Chengdu, see “—Our Hotel Operations Business.”

Details of the project as of September 30, 2020 were as follows:

GFA						
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark (in sq.m.)</u>	<u>Offices</u>	<u>Hotel</u>	<u>Total</u>
—	9,954	8,658	25,611	103,042	19,187	166,451

For further information, please refer to Property No. 2 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu International Finance Center (成都環球金融中心)



Chengdu International Finance Center is located in Chengdu, Sichuan province, adjacent to public transportation and surrounded by large corporations. It comprises office buildings and commercial area, primarily targeting corporate customers. In 2019, it was awarded in 2019 the China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程)), the top award for quality of construction engineering in China, and the Urban Space City Landmark Award (城市空間 • 城市地標獎) by UPchengdu (成都向上) in 2019. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Offices	Total
(in sq.m.)					
—	43,893	9,891	57,843	166,547	278,174

For further information, please refer to Property No. 3 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Xishan Lantai (成都溪山蘭台)

Chengdu Xishan Lantai is located at the foot of Mount Longquan (龍泉山) of Chengdu, Sichuan province, with educational institutions in its vicinity. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
55,322	—	230	13,257	12,028	80,837

For further information, please refer to Property No. 4 of the Property Valuation Report in Appendix III in this document.

Chengdu Yue Center (成都悅中心)

Chengdu Yue Center is located in Chengdu, Sichuan province, adjacent to several educational institutions, parks, medical institutions and commercial areas, with convenient access to the public transportation system. It comprises residential buildings and commercial buildings, and primarily targets college teachers and students, white-collar workers and purchasers for investment purposes. As of September 30, 2020, we had fully paid the land premium. This project commenced construction in March 2020 and expects to complete construction in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA						
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark (in sq.m.)</u>	<u>Apartment</u>	<u>Others</u>	<u>Total</u>
26,852	5,974	3,641	9,906	21,702	8,044	76,119

For further information, please refer to Property No. 5 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chongqing Leading Guanyun House (重慶領地 • 觀雲府)

Chongqing Leading Guanyun House is located in Banan District (巴南區) of Chongqing. It comprises residential buildings, with shopping outlets and primary school in its vicinity, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

57,565	—	2,977	22,524	2,695	85,761

For further information, please refer to Property No. 6 of the Property Valuation Report in Appendix III in this document.

Chengdu Jinxiang Lantai (成都錦巷蘭台)



Chengdu Jinxiang Lantai is located in Chengdu, Sichuan province, with high-speed rail station, educational institution and Aiqinhai Business District (愛琴海商圈) in its vicinity. It comprises residential buildings, apartments, office buildings and commercial areas. It primary targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

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Details of the project as of September 30, 2020 were as follows:

GFA							
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Apartment</u>	<u>Offices</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)							
89,155	9,911	10,492	40,136	52,106	32,707	14,618	249,124

For further information, please refer to Property No. 7 of the Property Valuation Report in Appendix III in this document.

Chengdu Tianfu Lantai (Xinlong) (成都天府蘭台 • 新隆)

Chengdu Tianfu Lantai (Xinlong) is located in Chengdu, Sichuan province, with educational institutions and public transportation system in its vicinity. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in March 2020. We commenced the construction of another part of this project in 2018 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
204,778	1,967	19,047	30,490	23,317	279,599

For further information, please refer to Property No. 8 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Tianfu Lantai (Jingyang) (成都天府蘭台 • 菁陽)

Chengdu Tianfu Lantai (Jingyang) is located in Chengdu, Sichuan province, with educational institutions and public transportation system in its vicinity. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

69,507	—	3,583	17,460	7,503	98,053

For further information, please refer to Property No. 9 of the Property Valuation Report in Appendix III in this document.

Chengdu Haina Shidai (成都海納時代)



Chengdu Haina Shidai is a residential property project located in Qinglongchang business district (青龍場商圈) of Chengdu, Sichuan province, with convenient access to public transportation system, educational institutions, a zoo and a park. It comprises residential buildings, primarily targeting first-time homebuyers and customers for investment purposes. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

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Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
107,463	21,391	8,902	31,909	8,629	178,294

For further information, please refer to Property No. 10 of the Property Valuation Report in Appendix III in this document.

Chengdu Lantai House (成都蘭台府)

Chengdu Lantai House is located in Pidu District of Chengdu, Sichuan province, with convenient access to kindergarten, medical institution and public transportation system. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in October 2020. As of the Latest Practicable Date, we had not completed construction of this project.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
81,251	—	—	21,823	12,185	115,259

For further information, please refer to Property No. 11 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Leading Tianyu (成都領地天禦)

Chengdu Leading Tianyu is located in Renshou, Sichuan province, with a school, a hospital and a shopping square in its vicinity. It comprise residential buildings, and primarily targets first-time homebuyers and property upgraders. In 2019, it was awarded the Merit Award (優秀獎) of China Real Estate & Design Award (地產設計大獎 • 中國) by DJSER.com (中國地產建築師網). As of the Latest Practicable Date, we had paid the land premiums for this project in full and obtained the land use rights certificate/real estate title certificate (Land). We obtained a construction permit and commenced construction of this project in 2018 and expect to complete in 2022. Given the circumstances, as advised by our PRC Legal Advisors, our commencement of construction according to the construction permit we had already obtained does not constitute any non-compliance under the applicable laws and regulations.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
135,474	4,077	2,875	40,942	3,510	186,878

For further information, please refer to Property No. 12 of the Property Valuation Report in Appendix III in this document.

Meishan Changshoufang (眉山長壽坊)

Meishan Changshoufang is located in Meishan, Sichuan province, adjacent to Minjiang (岷江). As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in May 2020 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
127,508	18,677	61	30,226	5,197	181,669

For further information, please refer to Property No. 13 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城)

Panzhihua Leading Yangguang Huacheng is located in Huacheng New District (花城新區) of Panzhihua, Sichuan province, with convenient access to educational institutions, hospitals, commercial areas and public transportation system. It comprises residential buildings and commercial buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
371,045	25,015	5,311	79,663	25,659	506,693

For further information, please refer to Property No. 14 of the Property Valuation Report in Appendix III in this document.

Xichang Yueqionghai (西昌悅邛海)

Xichang Yueqionghai is located in Xichang, Sichuan province, with convenient access to public transportation system, educational institution and hospital. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
196,116	1,285	8,236	64,150	11,208	280,996

For further information, please refer to Property No. 15 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Xichang Leading Lantai House (西昌領地蘭台府)

Xichang Leading Lantai House is located in Xichang, Sichuan province, with Qionghai Scenic Zone (邛海風景區) in its vicinity. It comprises residential and commercial buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
68,213	61,517	14,797	54,930	4,923	204,381

For further information, please refer to Property No. 16 of the Property Valuation Report in Appendix III in this document.

Xichang Leading Haiyueli (西昌領地 • 海月里)

Xichang Leading Haiyueli is located in Xichang, Sichuan province, with convenient access to public transportation system, educational institution and hospital. It comprises commercial areas and apartments, which are also commercial in nature. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
—	63,256	440	16,774	644	81,115

For further information, please refer to Property No. 17 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Xichang Lantai House (Qingyun) (西昌蘭台府 • 青沅)

Xichang Lantai House (Qingyun) is located in Xichang, Sichuan province. It comprises residential buildings, with hospitals and schools in its vicinity, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the project as of September 30, 2020 were as follows:

GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
		(in sq.m.)		
34,957	2,360	3,741	8,031	49,089

For further information, please refer to Property No. 18 of the Property Valuation Report in Appendix III in this document.

Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館)



Xichang Leading Kaixuan International Mansion is located in Xichang, Sichuan province, adjacent to Qionghai (邛海). It comprises residential buildings, commercial buildings including a hotel, namely Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 • 精選(西昌領地邛海店)), as well as car parks, primarily targeting property upgraders. For details of Juzi Hotel Select (Xichang Leading Qionghai), see “Business—Our Hotel Operations Business—Hotels in Operation.” As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
106,763	25,034	4,368	26,047	4,038	166,250

For further information, please refer to Property No. 19 of the Property Valuation Report in Appendix III in this document.

Xichang Leading Jinxiu Lantai (西昌領地錦綉蘭台)

Xichang Leading Jinxiu Lantai is located in Xichang, Sichuan province. It comprises residential buildings, with convenient access to highway, educational institutions, commercial areas and medical institutions, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
170,915	2,994	7,289	53,057	5,600	239,855

For further information, please refer to Property No. 20 of the Property Valuation Report in Appendix III in this document.

Urumqi Leading Lantai House (烏魯木齊領地蘭台府)

Urumqi Leading Lantai House is located in Urumqi, Xinjiang Uygur Autonomous Region, adjacent to public transportation network. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2018 and expect to complete in 2021. Another part of this project is held for future development. We commenced the construction of this part of the project in October 2020 and expect to complete in 2022.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
140,248	79,736	3,859	53,874	11,623	289,340

For further information, please refer to Property No. 21 of the Property Valuation Report in Appendix III in this document.

Urumqi Leading Tianyu (烏魯木齊領地天嶼)

Urumqi Leading Tianyu is located in Urumqi, Xinjiang Uygur Autonomous Region. It is adjacent to hospitals and educational institutions. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
193,377	48,137	8,866	41,745	19,453	311,578

For further information, please refer to Property No. 22 of the Property Valuation Report in Appendix III in this document.

Korla Leading Lantai House (庫爾勒領地蘭台府)

Korla Leading Lantai House is located in Korla, Xinjiang Uygur Autonomous Region. It is adjacent to public transportation network and a hospital under construction. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
132,512	2,645	2,740	21,982	7,873	167,752

For further information, please refer to Property No. 23 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Korla Leading Kaixuan Mansion (庫爾勒領地凱旋公館)

Korla Leading Kaixuan Mansion is located in Korla, Xinjiang Uygur Autonomous Region, with convenient access to public transportation system, business districts and educational institutions. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in 2016. Another part of this project is under development, which we commenced the construction in 2019 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
349,825	32,340	8,629	57,801	7,154	455,749

For further information, please refer to Property No. 24 of the Property Valuation Report in Appendix III in this document.

Chengde Lantai House (承德蘭台府)

Chengde Lantai House is located in Shuangluan District of Chengde, Hebei province, with convenient access to public transportation. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in July 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
71,581	3,401	2,218	7,821	813	85,833

For further information, please refer to Property No. 25 of the Property Valuation Report in Appendix III in this document.

Chengde Lantai House (Yun Shang) (承德蘭台府 • 芸上)

Chengde Lantai House (Yun Shang) is located in Shuangluan District of Chengde, Hebei province with convenient access to public transportation. It comprises residential buildings, apartments and offices, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2021. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2023.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
88,207	51,466	12,248	—	34,209	186,130

For further information, please refer to Property No. 26 of the Property Valuation Report in Appendix III in this document.

Chengde Lantai House (Yueshan) (承德蘭台府 • 樾山)

Chengde Lantai House (Yueshan) is located in Shuangluan District of Chengde, Hebei province, with convenient access to public transportation. It comprises residential buildings and commercial buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
40,146	59	2,488	8,864	910	52,466

For further information, please refer to Property No. 27 of the Property Valuation Report in Appendix III in this document.

Jilin Kaixuan Mansion (吉林凱旋公館)

Jilin Kaixuan Mansion is located in Jingyue District of Changchun, Jilin province. It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in May 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
334,752	10,139	8,398	33,072	20,374	406,735

For further information, please refer to Property No. 28 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Xingyang Leading Tianyu (滎陽領地天嶼)

Xingyang Leading Tianyu is located in Xingyang, Henan province, with educational institutions in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in January 2020 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
56,322	884	1,981	16,273	4,733	80,193

For further information, please refer to Property No. 29 of the Property Valuation Report in Appendix III in this document.

Jilin International Trade Center (吉林環球貿易中心)

Jilin International Trade Center is located in Jingyue Economic Development Zone (淨月經濟開發區) in Changchun, Jilin province, with convenient access to commercial area. It comprises residential buildings, apartments and commercial buildings. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
64,404	174,802	4,919	39,373	11,224	294,722

For further information, please refer to Property No. 30 of the Property Valuation Report in Appendix III in this document.

Shangqiu Leading Lantai House (商丘領地蘭台府)

Shangqiu Leading Lantai House is located in Shangqiu, Henan province. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2021. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2023.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
142,318	2,570	6,904	32,708	9,349	193,849

For further information, please refer to Property No. 31 of the Property Valuation Report in Appendix III in this document.

Zhumadian Royal Lantai (駐馬店皇家蘭台)

Zhumadian Royal Lantai Phase I is located in Zhumadian, Henan province, adjacent to Royal Station (皇家驛站). It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Zhumadian Royal Lantai Phase II is located in Zhumadian, Henan province. We expect to commence the construction of this project in 2021 and to complete in 2023.

Zhumadian Royal Lantai Phase III is located in Zhumadian, Henan province. We expect to commence the construction of this project in 2022 and expect to complete in 2025.

Zhumadian Royal Lantai Phase IV is located in Zhumadian, Henan province. We expect to commence the construction of this project in 2022 and expect to complete in 2025.

Zhumadian Royal Lantai Phase V is located in Zhumadian, Henan province. We expect to commence the construction of this project in 2021 and expect to complete in 2023.

Details of the Phase I of this project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
309,516	4,681	1,476	46,862	41,908	404,444

Details of the Phase II of this project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
150,904	—	9,342	26,511	14,124	200,882

BUSINESS

Details of the Phase III of this project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
161,564	—	4,989	28,622	13,179	208,355

Details of the Phase IV of this project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
260,511	—	13,798	23,121	41,806	339,236

Details of the Phase V of this project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
286,412	5,000	15,822	49,475	31,610	388,318

For further information, please refer to Property No. 32, 33, 34, 35 and 36 of the Property Valuation Report in Appendix III in this document.

Jingzhou Leading Lantai House (荊州領地蘭台府)

Jingzhou Leading Lantai House is located in Jingzhou, Hubei province, with convenient access to schools, hospitals and public transportation network. It comprises residential buildings, and primarily targets first-time homebuyers with need of high quality. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA						
Residential	Commercial	Ancillary Areas	Carpark	Kindergarten	Indemnificatory Housing	Others
(in sq.m.)						
145,079	4,798	2,157	36,678	1,920	8,120	9,523
						208,275

For further information, please refer to Property No. 37 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Jingzhou Leading Fengming Lantai (荊州領地鳳鳴蘭台)

Jingzhou Leading Fengming Lantai is located in Jingzhou, Hubei province, adjacent to public transportation system, educational institutions and commercial areas. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA						
Residential	Commercial	Ancillary Areas	Carpark (in sq.m.)	Indemnificatory Housing	Others	Total

128,853	4,007	2,088	37,059	10,181	5,900	188,088

For further information, please refer to Property No. 38 of the Property Valuation Report in Appendix III in this document.

Leshan Amazon (樂山亞馬遜)



Leshan Amazon is located in Leshan, Sichuan province, adjacent to schools and shopping center. It comprises residential buildings, and primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2014.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

GFA				
Residential	Commercial	Ancillary Areas (in sq.m.)	Carpark	Total
287,559	38,157	4,952	60,860	391,528

For further information, please refer to Property No. 39 and Property No. 41 of the Property Valuation Report in Appendix III in this document.

Leshan Time Square (樂山時代廣場)



Leshan Time Square is located in Leshan, Sichuan province, with Leshan Square (樂山廣場) in its vicinity. It comprises residential buildings, with convenient access to commercial areas, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2006.

Details of the project as of September 30, 2020 were as follows:

GFA				
Residential	Commercial	Ancillary Areas (in sq.m.)	Carpark	Total
—	29,830	961	4,504	35,295

For further information, please refer to Property No. 40 and Property No. 41 of the Property Valuation Report in Appendix III in this document.

Leshan Haina Mansion (樂山海納公館)

Leshan Haina Mansion is located in Leshan, Sichuan province, adjacent to educational institutions. It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2016.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
79,329	14,757	357	—	4,646	99,090

For further information, please refer to Property No. 42 of the Property Valuation Report in Appendix III in this document.

Leshan Lantai House (樂山蘭台府)



Leshan Lantai House is located in Qingjiang New District (青江新區) of Leshan, Sichuan province, with convenient access to high-speed rail station, a hospital and commercial area. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in March 2020. Another part of this project is under development, which we commenced construction in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
129,316	157,914	20,274	35,224	20,859	363,587

For further information, please refer to Property No. 43 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Leshan Tianyu (樂山天嶼)

Leshan Tianyu is located in Leshan, Sichuan province, with educational institutions and Wanda Business District (萬達商圈) in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in March 2020.

Details of the project as of September 30, 2020 were as follows:

Residential	Commercial	GFA		Carpark	Total
		Ancillary Areas (in sq.m.)			
89,356	2,311	6,424		19,091	117,182

For further information, please refer to Property No. 44 of the Property Valuation Report in Appendix III in this document.

Leshan Lanshan (樂山瀾山)



Leshan Lanshan is located in Qingjiang New District (青江新區) of Leshan, Sichuan province, with convenient access to public transportation network, commercial areas and educational institutions. It comprises residential buildings, and primarily targets property upgraders. In 2019, it was awarded the Merit Award (優秀獎) of China Real Estate & Design Award (地產設計大獎 • 中國) by DJSER.com (中國地產建築師網). As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
195,608	2,266	7,277	43,695	19,825	268,671

For further information, please refer to Property No. 45 of the Property Valuation Report in Appendix III in this document.

Leshan International Mansion (樂山國際公館)



Leshan International Mansion is located on the riverbank of Chengdong New District (城東新區) of Leshan, Sichuan province, with educational institutions in its vicinity. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
456,963	24,510	19,156	75,953	647	577,228

For further information, please refer to Property No. 46 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Zunyi Lantai House (遵義蘭台府)

Zunyi Lantai House is located in Zunyi, Guizhou province, adjacent to educational institutions, hospitals and commercial areas, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Residential	Commercial	Estimated GFA		Carpark	Total
		Ancillary Areas	(in sq.m.)		
89,774	8,357	5,440		27,406	130,977

For further information, please refer to Property No. 47 of the Property Valuation Report in Appendix III in this document.

Meishan Kaixuan International Mansion (眉山凱旋國際公館)



Meishan Kaixuan International Mansion is located in Meishan, Sichuan province, with convenient access to public transportation. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of Phase I of this project in 2017. Another part of Phase I of this project is under development, which we commenced the construction in 2017 and expect to complete in December 2020.

Details of the Phase I of this project as of September 30, 2020 were as follows:

Residential	Commercial	GFA			Total
		Ancillary Areas	Carpark	Others	
		(in sq.m.)			
552,844	36,163	29,512	108,447	32,050	759,016

BUSINESS

Phase II of this project is located in Meishan, Sichuan province, with schools, hotels, parks and commercial area in its vicinity. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the Phase II of this project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

125,836	12,811	14,363	27,640	1,782	182,432

For further information, please refer to Property No. 48 and 51 of the Property Valuation Report in Appendix III in this document.

Meishan Kaixuan Square (眉山凱旋廣場)



Meishan Kaixuan Square is located in Meishan, Sichuan province, with convenient access to public transportation. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2015.

Details of the project as of September 30, 2020 were as follows:

GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				

184,562	32,228	8,085	27,683	252,558

For further information, please refer to Property No. 49 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Meishan Huayu Phase II (眉山花嶼二期)

Meishan Huayu Phase II is located in Meishan, Sichuan province, with schools, hotels, parks and commercial area in its vicinity. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in June 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
31,273	331	3,333	6,338	3,004	44,280

For further information, please refer to Property No. 50 of the Property Valuation Report in Appendix III in this document.

Meishan Lantai House (眉山蘭台府)

Meishan Lantai House is located in Meishan, Sichuan province, comprising residential buildings, with convenient access to educational institutions, public transportation system, hospitals, parks and Min Life Square (岷生活廣場). It primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
262,938	10,863	7,688	71,266	16,259	369,014

For further information, please refer to Property No. 52 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Meishan Guanjiang House (眉山觀江府)



Meishan Guanjiang House is located in Meishan, Sichuan province, adjacent to educational institutions, parks, medical institutions and Min Life Square (岷生活廣場). It comprises residential buildings, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary	Carpark	Others	Total
		Areas			
		(in sq.m.)			
128,831	1,561	6,644	22,685	10,500	170,221

For further information, please refer to Property No. 53 of the Property Valuation Report in Appendix III in this document.

Haifeng Tianyu (海豐天嶼)

Haifeng Tianyu is located in Haifeng, Guangdong province, with convenient access to the entrance of highway. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in September 2020. Another part of this project is under development, which we commenced the construction in 2018 and expect to complete in 2022.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
157,697	2,395	2,536	34,155	6,883	203,666

For further information, please refer to Property No. 54 of the Property Valuation Report in Appendix III in this document.

Huizhou Lantai House (惠州蘭台府)

Huizhou Lantai House is located in Huizhou, Guangdong province, with schools, hospitals and public transportation network in its vicinity. It comprises residential and commercial buildings and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2023.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
191,007	7,198	523	67,580	2,316	268,624

For further information, please refer to Property No. 55 of the Property Valuation Report in Appendix III in this document.

Foshan Haina Longting (佛山海納瓏庭)

Foshan Haina Longting is located in Chancheng District of Foshan, Guangdong province, with convenient access to educational institutions. It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
81,223	16,415	—	11,587	5,157	114,383

For further information, please refer to Property No. 56 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Foshan Haina Junting (佛山海納君庭)

Foshan Haina Junting is located in Nanhai District of Foshan, Guangdong province, with convenient access to educational institutions. It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

60,202	3,067	1,211	7,609	4,495	76,583

For further information, please refer to Property No. 57 of the Property Valuation Report in Appendix III in this document.

Foshan Haina Mansion (佛山海納公館)



Foshan Haina Mansion is located in Nanhai District of Foshan, Guangdong province. It comprises residential buildings with educational institutions in its neighborhood, primarily targeting first-time homebuyers. As of September 30, 2020 we had fully paid the land premium. We completed the construction of this project in 2014.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

107,115	11,871	—	24,285	2,505	145,777

For further information, please refer to Property No. 58 of the Property Valuation Report in Appendix III in this document.

Foshan Haina Haoting (佛山海納豪庭)



Foshan Haina Haoting is located in Nanhai District of Foshan, Guangdong province. It comprises residential buildings with educational institutions in its neighborhood, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2016.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

118,171	9,722	—	17,914	6,570	152,376

For further information, please refer to Property No. 59 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Foshan Haina Haoyuan (佛山海納豪苑)

Foshan Haina Haoyuan is located in Nanhai District of Foshan, Guangdong province. It comprises residential buildings with educational institutions in its neighborhood, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2017.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

68,013	3,103	—	10,182	4,752	86,050

For further information, please refer to Property No. 60 of the Property Valuation Report in Appendix III in this document.

Mianyang Tianyu (綿陽天嶼)

Mianyang Tianyu is located in Mianyang, Sichuan province, with educational institutions in its vicinity. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in March 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

74,277	3,685	4,978	12,484	5,796	101,218

For further information, please refer to Property No. 61 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Mianyang Lantai House (綿陽蘭台府)

Mianyang Lantai House is located in Mianyang, Sichuan province, adjacent to a wetland park, educational institution and public transportation system. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in August 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
109,528	2,242	4,793	13,387	17,125	147,076

For further information, please refer to Property No. 62 of the Property Valuation Report in Appendix III in this document.

Nanchong Lantai House (南充蘭台府)

Nanchong Lantai House is located in Shunqing District of Nanchong, Sichuan province, adjacent to public transportation system, hospitals, educational institutions, commercial area and Shangpin Square (尚品廣場). It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
184,621	—	2,070	48,779	11,774	247,245

For further information, please refer to Property No. 63 of the Property Valuation Report in Appendix III in this document.

Nanchong Tianyu (南充天嶼)

Nanchong Tianyu is located in Nanchong, Sichuan province, with public transportation network in its vicinity. It comprises residential buildings, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2021.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
58,455	4,558	2,381	11,277	5,989	82,659

For further information, please refer to Property No. 64 of the Property Valuation Report in Appendix III in this document.

Ya'an Yunjing (雅安雲璟)

Ya'an Yunjing is located in Daxing town of Ya'an, Sichuan province, adjacent to Ya'an Middle School (雅安中學). It comprises residential buildings, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in December 2020.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
69,218	2,721	3,357	21,487	—	96,783

For further information, please refer to Property No. 65 of the Property Valuation Report in Appendix III in this document.

Ya'an Guanjiang House (雅安觀江府)

Ya'an Guanjiang House is located in Daxing town of Ya'an, Sichuan province, adjacent to Ya'an Middle School (雅安中學). It comprises residential buildings, primarily targeting property upgraders and first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				
81,687	2,799	5,891	24,610	114,987

For further information, please refer to Property No. 66 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Ya'an Tianyu (雅安天嶼)

Ya'an Tianyu is located in Ya'an, Sichuan province, adjacent to Wanda Square (萬達廣場) and the district government. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

47,413	7,018	1,876	14,195	—	70,502

For further information, please refer to Property No. 67 of the Property Valuation Report in Appendix III in this document.

Ya'an Lantai House (雅安蘭台府)

Ya'an Lantai House is located in Daxing town of Ya'an, Sichuan province, with convenient access to medical institution. It comprises residential and commercial buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in January 2020. Another part of this project is under development, which we commenced the construction in 2017 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

66,796	19,380	7,095	20,359	—	113,630

For further information, please refer to Property No. 68 of the Property Valuation Report in Appendix III in this document.

Ya'an Lantai House Phase III (雅安蘭台府三期)

Ya'an Lantai House Phase III is located in Ya'an, Sichuan province, with convenient access to medical institution. It comprises residential buildings, primarily targeting first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2022.

BUSINESS

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
123,111	6,511	10,697	24,740	15,527	180,585

For further information, please refer to Property No. 69 of the Property Valuation Report in Appendix III in this document.

Mianyang Guanjiang House (綿陽觀江府)

Mianyang Guanjiang House is located in Mianyang High-tech District (綿陽高新區) of Mianyang, Sichuan province, with convenient access to public transportation system and educational institutions. It comprises residential buildings, primarily targeting first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2021. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2023.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
406,303	25,408	—	105,811	44,182	581,704

For further information, please refer to Property No. 70 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Mianyang Leading Dongyuan Yuecheng (綿陽領地東原閬城)

Mianyang Leading Dongyuan Yuecheng is located in Fucheng District of Mianyang, Sichuan province, with educational institutions in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2022. Another part of this project is held for future development. We commenced the construction of this part of the project in October 2020 and expect to complete in 2023.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
396,182	70,053	14,624	111,878	28,990	621,727

For further information, please refer to Property No. 71 of the Property Valuation Report in Appendix III in this document.

Ya'an Yuejiangting (雅安悅江庭)

Ya'an Yuejiangting is located in Daxing town of Ya'an, Sichuan province, adjacent to Ya'an Middle School (雅安中學). It comprises residential buildings, and primarily targets first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
55,122	2,148	5,144	9,767	4,243	76,424

For further information, please refer to Property No. 72 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Xichang Tianyu (西昌天嶼)

Xichang Tianyu is located in Chuanxing District (川興區) of Xichang, Sichuan province, with educational institution in its vicinity. It comprises residential buildings, primarily targeting property upgraders. We had paid the land premiums for this project in full and obtained the land use rights certificate/real estate title certificate (Land) in April 2020. We commenced the construction of this project in May 2020 and expect it to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

76,557	4,040	5,156	22,689	3,889	112,331

For further information, please refer to Property No. 73 of the Property Valuation Report in Appendix III in this document.

Kaili Leading Tianyu (凱里領地天御)

Kaili Leading Tianyu is located in Kaili, Guizhou province, with convenient access to commercial area. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, the land premium had been fully paid. This land parcel was previously held by a local property developer in Kaili, which is an Independent Third Party. Due to its financial difficulties, it subsequently became unable to continue with the development of this project. With the coordination of the local government, we acquired this project at a cost of approximately RMB0.8 billion, which is to be paid by installments. Pursuant to the agreements, the final installment is expected to be due in March 2022. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Other payables, deposits received and accruals.” We commenced the construction of part of this project in March 2020 and expect to complete the construction in 2022. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2025.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

714,366	29,840	19,876	168,823	9,256	942,161

For further information, please refer to Property No. 74 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Xinduyue House (成都新都悦府)

Chengdu Xinduyue House is located in Chengdu, Sichuan province, adjacent to commercial areas, educational institutions and parks. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We completed the construction of the first part of this project in 2011. The second part of this project is under development, which we commenced construction in 2019 and expect to complete in 2022. The third part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2024.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
605,181	8,115	11,997	147,808	54,242	827,342

For further information, please refer to Property No. 75 of the Property Valuation Report in Appendix III in this document.

Luzhou Lantai House (泸州蘭台府)

Luzhou Lantai House is located in Luzhou, Sichuan province, with convenient access to educational institutions, hospitals and parks. It comprises residential buildings, and primarily targets property upgraders. We commenced the construction of this project in July 2020 and expect to complete in 2022. As of September 30, 2020, we had fully paid the land premium.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
125,322	3,595	7,699	29,934	13,892	180,443

For further information, please refer to Property No. 76 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Tianfu Kangcheng (Duneng) (成都天府康城 • 都能)

Chengdu Tianfu Kangcheng (Duneng) is located in Meishan, Sichuan province, with parks and educational institutions in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We expect to commence the construction of this project in 2021 and to complete in 2025. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Chengdu Tianfu Kangcheng (Duneng), with the outstanding balance being RMB165.7 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We made full payment for the land premium in October 2020, and expect to obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
138,095	25,112	9,082	57,312	—	229,601

For further information, please refer to Property No. 77 of the Property Valuation Report in Appendix III in this document.

Chengdu Tianfu Kangcheng (Shengyu) (成都天府康城 • 聖域)

Chengdu Tianfu Kangcheng (Shengyu) is located in Meishan, Sichuan province, with parks and educational institutions in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We expect to commence the construction of this project in 2021 and to complete in 2028. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Chengdu Tianfu Kangcheng (Shengyu), with the outstanding balance being RMB73.5 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We made full payment for the land premium in October 2020, and expect to obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

BUSINESS

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

—	197,075	4,700	69,650	—	271,425

For further information, please refer to Property No. 78 of the Property Valuation Report in Appendix III in this document.

Chengdu Tianfu Kangcheng (Yuandi) (成都天府康城 • 源地)

Chengdu Tianfu Kangcheng (Yuandi) is located in Meishan, Sichuan province, with parks and educational institutions in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We commenced the construction of part of this project in May 2020 and expect to complete in 2022. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Chengdu Tianfu Kangcheng (Yuandi), with the outstanding balance being RMB147.4 million, and accordingly had not obtained the land use rights certificate/ real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We made full payment for the land premium in October 2020, and expect to obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

124,781	156,599	168	75,046	—	356,594

For further information, please refer to Property No. 79 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Urumqi Jinshang Lantai (烏魯木齊錦尚蘭台)

Urumqi Jinshang Lantai is located in Urumqi, Xinjiang Uygur Autonomous Region, with convenient access to public transportation system, medical and educational institutions and commercial areas. It comprises residential buildings, and primarily targets property upgraders. We commenced the construction of this project in November 2020 and expect to complete in 2023. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Urumqi Jinshang Lantai, with the outstanding balance being RMB167.8 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
48,392	2,892	2,966	13,049	2,663	69,961

For further information, please refer to Property No. 80 of the Property Valuation Report in Appendix III in this document.

Urumqi Tianjing Yunzhu (烏魯木齊天境雲著)

Urumqi Tianjing Yunzhu is located in Urumqi, Xinjiang Uygur Autonomous Region, adjacent to commercial areas, medical institutions and parks. It comprises residential buildings, and primarily targets property upgraders. We commenced the construction of this project in October 2020 and expect to complete in 2023. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Urumqi Tianjing Yunzhu in accordance with the terms of the land grant contract, with the outstanding balance being RMB235.7 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by May 2021.

BUSINESS

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

74,417	8,450	1,620	15,795	7,802	108,083

For further information, please refer to Property No. 81 of the Property Valuation Report in Appendix III in this document.

Yibin Guanjiang House (宜賓觀江府)

Yibin Guanjiang House is located in Yibin, Sichuan province, with medical and educational institutions, commercial areas and sightseeing ancillaries in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We commenced the construction of part of this project in September 2020 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2024. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Yibin Guanjiang House, with the outstanding balance being RMB737.1 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We made full payment for the land premiums and obtained the land use rights certificate/real estate title certificate (Land) in October 2020.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					

313,549	12,120	9,630	110,002	—	445,301

For further information, please refer to Property No. 82 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Nanchong Jinwei Leading Yuecheng (南充金為領地悅城)

Nanchong Jinwei Leading Yuecheng is located in Nanchong, Sichuan province, with convenient access to medical and educational institution and commercial areas. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in August 2020 and expect to complete in 2024.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
218,830	5,944	1,708	59,300	3,316	289,099

For further information, please refer to Property No. 83 of the Property Valuation Report in Appendix III in this document.

Guangyuan Leading Town (廣元領地城)

Guangyuan Leading Town is located in Guangyuan, Sichuan province, adjacent to educational institutions and commercial areas. It comprises residential buildings, primarily targeting first-time homebuyers and property upgraders. We commenced the construction of this project in November 2020 and expect to complete in 2025. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Guangyuan Leading Town, with the outstanding balance being RMB1,077.3 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by August 2021.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
368,478	48,658	5,625	132,134	—	554,895

For further information, please refer to Property No. 84 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Panzhuhua Ruxiang Huacheng (攀枝花如享花城)

Panzhuhua Ruxiang Huacheng is located in Panzhihua, Sichuan province, adjacent to educational and medical institutions. It comprises commercial buildings, primarily targeting purchasers for investment purposes. We commenced the construction of this project in September 2020 and expect to complete in 2022. As of September 30, 2020, we had fully paid the land premium.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

—	31,547	242	7,383	—	39,173

For further information, please refer to Property No. 85 of the Property Valuation Report in Appendix III in this document.

Chengdu Leading Guanjiang House (成都領地觀江府)

Chengdu Leading Guanjiang House is located in Dujiangyan, Sichuan province, with convenient access to public transportation system, hospitals and educational institutions. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. We commenced the construction of part of this project in September 2020 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in November 2020 and to complete in 2022. As of the Latest Practicable Date, this part of the project had not commenced construction. As of September 30, 2020, we had fully paid the land premium.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

168,791	10,107	12,927	29,705	16,542	238,072

For further information, please refer to Property No. 86 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Suining Taoli County (遂寧桃李郡)

Suining Taoli County is located in Suining, Sichuan province, with convenient access to public transportation system, hospitals, educational institutions and commercial areas. It comprises residential buildings, and primarily targets first-time homebuyers. We expect to commence the construction of this project in November 2020 and to complete in 2023. As of the Latest Practicable Date, construction of this project had not been commenced. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Suining Taoli County, with the outstanding balance being RMB146.9 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by November 2020. As of the Latest Practicable Date, we had not yet obtained the land use rights certificate/real estate title certificate (Land).

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
87,008	3,112	5,829	23,963	4,523	124,436

For further information, please refer to Property No. 87 of the Property Valuation Report in Appendix III in this document.

Xichang Leading Guanyuan (西昌領地觀園)

Xichang Leading Guanyuan is located in Xichang, Sichuan province, adjacent to public transportation system, hospitals, educational institutions, commercial areas and Lushan Scenic Zone (瀘山風景區). It comprises residential buildings, and primarily targets property upgraders. We expect to commence the construction of this project in 2021 and to complete in 2023. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Xichang Leading Guanyuan, with the outstanding balance being RMB317.1 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

BUSINESS

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
56,349	21,665	48,050	33,362	16,558	175,984

For further information, please refer to Property No. 88 of the Property Valuation Report in Appendix III in this document.

Luohe Lishang Lantai (漯河體尚蘭台)

Luohe Lishang Lantai is located in Luohe, Henan province, with convenient access to public transportation system, educational institutions, commercial areas, a hospital and Shalihe Scenic Zone (沙澧河風景區). It comprises residential buildings, and primarily targets first-time homebuyers, property upgraders and purchasers for investment purposes. We expect to commence the construction of this project in December 2020 and to complete in 2024. As of September 30, 2020, we had not fully paid the land premium for the land parcels of Luohe Lishang Lantai, with the outstanding balance being RMB342.3 million, and accordingly had not obtained the land use rights certificate/real estate title certificate (Land) for this project. The remaining portion of the land premiums for this project had not become payable as of September 30, 2020. We expect to make full payment for the land premiums and obtain the land use rights certificate/real estate title certificate (Land) by December 2020.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
262,549	7,403	3,640	45,570	16,440	335,603

For further information, please refer to Property No. 89 of the Property Valuation Report in Appendix III in this document.

BUSINESS

Chengdu Bocuilin Lake (成都博翠鄰湖)

Chengdu Bocuilin Lake is located in Chengdu, Sichuan province. It is on the shore of Fengxiang Lake (鳳翔湖), adjacent to public transportation system, commercial areas, educational and medical institutions. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in 2019.

Details of the project as of September 30, 2020 were as follows:

GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
53,740	—	—	18,839	16,671	89,250

For further information, please refer to property No. 1 in the Joint Ventures and Associates Project Table in this document.

Leshan Emei Guanding (樂山峨眉觀頂)

Leshan Emei Guanding is located in Leshan, Sichuan province, with convenient access to high-speed rail station and a hospital. It is at the foot of Mount Emei (峨眉山) and on the shore of EXiu Lake (峨秀湖). It comprises apartments and other commercial properties. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in December 2020.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				
—	50,924	1,710	—	52,634

For further information, please refer to property No. 2 in the Joint Ventures and Associates Project Table in this document.

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Xuzhou Dongchenhua House (徐州東辰華府)

Xuzhou Dongchenhua House is located in Xuzhou, Jiangsu province. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

82,203	697	5,278	22,198	1,845	112,221

For further information, please refer to property No. 3 in the Joint Ventures and Associates Project Table in this document.

Xuzhou Fengming Taoyuan Fengyasong (徐州鳳鳴桃源風雅頌)

Xuzhou Fengming Taoyuan Fengyasong is located in Fengminghai Scenic Zone (鳳鳴海景區) of Xuzhou, Jiangsu province, with medical institution in its vicinity. It comprises residential buildings, and primarily targets first-time homebuyers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2019 and expect to complete in December 2020.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				

173,880	11,456	7,889	24,291	217,516

For further information, please refer to property No. 4 in the Joint Ventures and Associates Project Table in this document.

BUSINESS

Xuzhou Fengming Taoyuan (徐州鳳鳴桃源)

Xuzhou Fengming Taoyuan is located in Fengminghai Scenic Zone (鳳鳴海景區) of Xuzhou, Jiangsu province, with medical institution in its vicinity. It comprises residential buildings and commercial buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of part of this project in 2019. Another part of this project is under development, which we commenced the construction in 2017 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					

128,815	2,309	2,719	20,416	18,263	172,522

For further information, please refer to property No. 5 in the Joint Ventures and Associates Project Table in this document.

Zhangjiakou Yuanjun Manting Fangyuan (張家口垣郡滿庭芳園)

Zhangjiakou Yuanjun Manting Fangyuan is located in Sha Ling Zi town of Zhangjiakou, Hebei province, with high-speed rail station in its vicinity. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We completed the construction of the first part of this project in July 2020. The second part of this project is under development, which we commenced the construction in 2018 and expect to complete in December 2020. The third part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2025.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA						
Residential	Commercial	Ancillary Areas	Carpark	Kindergarten	Others	Total
(in sq.m.)						

323,933	10,534	3,857	35,104	2,687	39,362	415,478

For further information, please refer to property No. 6 in the Joint Ventures and Associates Project Table in this document.

BUSINESS

Leshan Qingjiang Lantai (樂山青江蘭台)

Leshan Qingjiang Lantai is located in Qingjiang New District (青江新區) of Leshan, Sichuan province, adjacent to educational institutions, public transportation system and commercial areas. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
146,580	3,740	8,085	28,345	5,464	192,213

For further information, please refer to property No. 7 in the Joint Ventures and Associates Project Table in this document.

Ya'an Tianlan (雅安天瀾)

Ya'an Tianlan is located in Ya'an, Sichuan province, with convenient access to hospitals and educational institutions. It comprises commercial and residential buildings, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We completed the construction of this project in May 2020.

Details of the project as of September 30, 2020 were as follows:

GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
43,765	2,072	2,900	13,447	—	62,184

For further information, please refer to property No. 8 in the Joint Ventures and Associates Project Table in this document.

Ya'an Tianlu Bay (雅安天麓灣)

Ya'an Tianlu Bay is located in Daxing town of Ya'an, Sichuan province, adjacent to the entrance of highway. It comprises residential buildings, primarily targeting first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2021. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2023.

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Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
150,453	14,830	8,835	37,167	14,472	225,758

For further information, please refer to property No. 9 in the Joint Ventures and Associates Project Table in this document.

Shenzhen Guanlan (深圳觀瀾)

Shenzhen Guanlan is located in Shenzhen, Guangdong province, adjacent to industrial area, aiming at providing low-income housing. It comprises residential buildings. As of September 30, 2020, we had fully paid the land premium. We expect to commence the construction of this project in December 2020 and to complete in 2023.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				
84,820	11,800	6,826	30,660	134,106

For further information, please refer to property No. 10 in the Joint Ventures and Associates Project Table in this document.

Leshan Hengbang Shuanglin International Center (樂山恒邦雙林環球中心)

Leshan Hengbang Shuanglin International Center is located in Leshan, Sichuan province, adjacent to shopping mall, medical institution and a square. It comprises residential buildings, and primarily targets property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of this project in 2018 and expect to complete in 2021.

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Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Offices	Total
(in sq.m.)					
91,246	43,508	10,657	37,866	29,804	213,082

For further information, please refer to property No. 11 in the Joint Ventures and Associates Project Table in this document.

Leshan Qingjiang House (樂山青江府)

Leshan Qingjiang House is located in Qingjiang New District (青江新區) of Lehsan, Sichuan province, with convenient access to educational institutions, shopping malls and public transportation system. It comprises residential buildings, and primarily targets property upgraders and first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2023.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA				
Residential	Commercial	Ancillary Areas	Carpark	Total
(in sq.m.)				
310,549	25,170	12,700	109,723	458,142

For further information, please refer to property No. 12 in the Joint Ventures and Associates Project Table in this document.

Jiangyou Light of the Age (江油時代之光)

Jiangyou Light of the Age is located in Jiangyou, Sichuan province, adjacent to Baolong Business District (寶龍商圈). It comprises residential buildings, and primarily targets property upgraders and first-time homebuyers. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2021. Another part of this project is held for future development, which we expect to commence the construction in November 2020 and to complete in 2022. As of the Latest Practicable Date, this part of the project had not commenced construction.

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Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
255,966	7,802	10,873	47,019	11,075	332,736

For further information, please refer to property No. 13 in the Joint Ventures and Associates Project Table in this document.

Xichang Nanshan House (西昌南山府)

Xichang Nanshan House is located in Xichang, Sichuan province. It comprises residential buildings, primarily targeting property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in 2019 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2022.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
<u>Residential</u>	<u>Commercial</u>	<u>Ancillary Areas</u>	<u>Carpark</u>	<u>Others</u>	<u>Total</u>
(in sq.m.)					
129,487	2,693	5,687	41,463	3,522	182,851

For further information, please refer to property No.14 in the Joint Ventures and Associates Project Table in this document.

Chengdu Tianfu Leading Town (成都天府領地城)

Chengdu Tianfu Leading Town is located in Chengdu, Sichuan province, adjacent to educational institutions and medical institutions. It comprises residential buildings, apartments and commercial blocks, and primarily targets first-time purchasers and property upgraders. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in April 2020 and expect to complete in 2023. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2023.

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Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
380,728	160,576	11,753	152,572	60,569	766,198

For further information, please refer to property No. 15 in the Joint Ventures and Associates Project Table in this document.

EMei Lianhua Lake (峨眉蓮花湖)

EMei Lianhua Lake is located in Emeishan, Sichuan province, adjacent to EXiu Lake (峨秀湖), with high-speed rail station in its vicinity. It comprises office buildings and residential buildings, and primarily targets purchasers for investment purposes. As of September 30, 2020, we had fully paid the land premium. We commenced the construction of part of this project in March 2020 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in 2021 and to complete in 2025.

Details of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
214,905	160,722	8,267	2,345	33,336	419,575

For further information, please refer to property No. 16 in the Joint Ventures and Associates Project Table in this document.

Leshan Country Garden Leading Tangyue Lantai (樂山碧桂園領地 • 棠樾蘭台)

Leshan Country Garden Leading Tangyue Lantai is located in Leshan, Sichuan province, with convenient access to public transportation system, educational institutions and commercial areas. It comprises residential buildings, and primarily targets first-time homebuyers. We commenced the construction of part of this project in September 2020 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2023. As of September 30, 2020, we had fully paid the land premium.

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Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
135,986	4,200	9,613	37,554	—	187,354

For further information, please refer to property No. 17 in the Joint Ventures and Associates Project Table in this document.

Zhangjiajie Xinsong Leading Robert Happiness Town (張家界新松領地 • 機器人歡樂城)

Zhangjiajie Xinsong Leading Robert Happiness Town is located in Zhangjiajie, Hunan province, with educational institutions in its vicinity. It comprises residential and commercial buildings, and primarily targets property upgraders. We commenced the construction of part of this project in September 2020 and expect to complete in 2022. Another part of this project is held for future development, which we expect to commence the construction in December 2020 and to complete in 2022. As of September 30, 2020, we had fully paid the land premium.

Detail of the project as of September 30, 2020 were as follows:

Estimated GFA					
Residential	Commercial	Ancillary Areas	Carpark	Others	Total
(in sq.m.)					
128,872	88,360	1,601	59,908	—	278,740

For further information, please refer to property No. 18 in the Joint Ventures and Associates Project Table in this document.

Civil Air Defense Facilities

As of September 30, 2020, we completed underground civil air defense (the “CAD”) facilities with an aggregate GFA of approximately 190,743 sq.m., representing an insignificant portion of our property portfolio. Further, as of September 30, 2020, our CAD facilities which were under construction or planned for future development had an aggregate GFA of approximately 714,094 sq.m. We used certain parts of the CAD facilities as car parks (the “CAD Car Parks”) during time of peace. Our CAD Car Parks are classified as investment properties and properties under development.

Pursuant to the PRC Civil Air Defense Law, we are allowed to manage and use the CAD facilities developed by us during time of peace and derive profit therefrom. In the event that the PRC Government declares a state of war, the PRC Government may take over civil air defense projects as civil air defense shelters. Our PRC Legal Advisors have confirmed that we have obtained the required permits for construction of CAD facilities. As advised by our PRC Legal Advisors, we can use our CAD Car Parks during time of peace

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and derive profit therefrom. Our in-house legal advisor will monitor our business practice and if we engage in new projects involving CAD areas, we will consult external legal advisors and our in-house legal adviser to ensure our compliance with the relevant PRC laws and regulations.

The Directors confirmed that, as of the Latest Practicable Date, we were not in breach of the PRC Civil Air Defense Law with respect to our CAD Car Parks. Further, there was no dispute between ourselves and our customers regarding the lease of the rights to use such CAD Car Parks as of the Latest Practicable Date.

COMMERCIAL PROPERTY OPERATIONS

We generate revenue from commercial property operations. During the Track Record Period, we retained and leased a portion of the commercial properties we developed, mainly commercial and office buildings, for revenue as well as capital appreciation. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we generated revenue of RMB28.5 million, RMB51.4 million, RMB70.9 million, RMB30.3 million and RMB29.2 million, respectively, from our commercial property operations. Specifically, revenue from our investment properties contributes a significant portion of our revenue from commercial property operations. As of September 30, 2020, we had six investment properties completed with an aggregate GFA of 357,149 sq.m., with 228,618 sq.m. in Chengdu, 76,322 sq.m. in Changchun and 52,209 sq.m. in Leshan. See “—Our Property Development Business—Description of Projects.” The following table sets forth our investment properties as of September 30, 2020.

<u>City</u>	<u>Reference to property valuation report</u>	<u>Project</u>	<u>Actual construction completion date</u>	<u>Total GFA held for investment (sq.m.)</u>
Chengdu	No. 2	Chengdu Leading Center (成都領地中心)	December 20, 2018	147,264
Chengdu	No. 3	Chengdu International Finance Center (成都環球金融中心)	July 31, 2017	76,117
Changchun	No. 30	Jilin International Trade Center (吉林環球貿易中心)	October 19, 2017	76,322
Leshan	No. 39 and No. 41 ⁽³⁾	Leshan Amazon (樂山亞馬遜)	October 16, 2014	15,670 ⁽¹⁾
Leshan	No. 40 and No. 41 ⁽³⁾	Leshan Time Square (樂山時代廣場)	September 11, 2006	36,539 ⁽²⁾
Chengdu	No. 75	Chengdu Xinduyue House (成都新都悅府)	April 28, 2011	5,237
Total				357,149

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Notes:

- (1) For the purpose of this table, total GFA held for investment of Leshan Amazon (樂山亞馬遜) included the portion attributable to it of property No. 41, Portions of Leshan Amazon and Leshan Time Square (樂山亞馬遜及時代廣場部分物業).
- (2) For the purpose of this table, total GFA held for investment of Leshan Time Square (樂山時代廣場) included the portion attributable to it of property No. 41, Portions of Leshan Amazon and Leshan Time Square (樂山亞馬遜及時代廣場部分物業).
- (3) Property No. 41, Portions of Leshan Amazon and Leshan Time Square (樂山亞馬遜及時代廣場部分物業), as indicated by its name, indeed consists part of properties No. 39 and No. 40. Nonetheless, because No. 41 is operated separately by a different subsidiary, Xizang Yimeixin Industrial Co., Ltd. (西藏億美新實業有限公司) we recorded it as a stand-alone investment property in the Property Valuation Report as set out in Appendix III to this document. For the same reason, we also recorded No. 41 as a stand-alone investment property in the Financial Information section where its corresponding revenue was disclosed. See “Financial Information—Description of Certain Line Items of Our Consolidated Statements of Profit Or Loss—Revenue—Commercial property operations.”

OUR HOTEL OPERATIONS BUSINESS

Hotels in Operation

During the Track Record Period, we operated three hotels, namely (i) Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 • 精選 (西昌領地邛海店)), (ii) Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店) and (iii) Xichang Yinju Qionghai Vacation Hotel (西昌隱居邛海度假酒店). We developed all the three hotels, and engaged third party hotel management companies to manage the daily operations of the hotels. Below is a description of the hotels we operate:

Description of Our Hotels

Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 • 精選 (西昌領地邛海店))

Our Juzi Hotel Select is located in Xichang Leading Kaixuan International Mansion. See “—Our Property Development Business—Description of Projects—Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館).” We started operating this hotel in January 2017. Being our first hotel, it has 98 guest rooms and a restaurant.

Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店)

Our Canopy by Hilton hotel is located in Leading Center, a commercial property at the heart of Chengdu developed by us. See “—Our Property Development Business—Description of Projects—Chengdu Leading Center (成都領地中心).” We started operating this hotel in January 2019. It has 150 guest rooms, a lobby lounge, conference rooms, a fitness center and a restaurant.

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Xichang Yinju Qionghai Vacation Hotel (西昌隱居邛海度假酒店)

Our Xichang Yinju Qionghai Vacation Hotel is located on the shore of Qionghai, the second largest freshwater lake in Sichuan province and a major resort area. We started operating this hotel in July 2019. It has 46 guest room and a restaurant.

In 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, the revenue generated from our hotel operations accounted for approximately 0.1%, 0.14%, 0.5%, 1.0% and 0.3%, respectively, of our revenue.

Business Models

During the Track Record Period, we held these hotels under two models:

- *Owned by our Group.* We own and hold Canopy by Hilton, Leading Center, Chengdu.
- *Owned by individual owners and leased by our Group.* We developed Juzi Hotel Select and Xichang Yinju Qionghai Vacation Hotel. We sold the hotel rooms to individual owners after we completed the construction of these two hotels. All of these individual owners have entered into agreements with us and entrusted us to operate each of the hotels as a whole. The terms of such agreements were typically five years. The fee rate is predetermined and fixed for each year and we pay rents to such individual owners on a quarterly basis. Our PRC Legal Advisors are of the view that our contractual arrangements with the individual owners are in compliance with the PRC laws. It is a common industry practice to sell hotel rooms to individual owners and lease them back for hotel operations, according to China Index Academy. Such asset-light model allows us to make profits from operating these hotel projects and to avoid the fair value fluctuation risk and other risks that would exist if we choose to hold these hotel projects as investment properties. Individual owners can also enjoy the potential appreciation of the hotel rooms and stable rent incomes from their respective unit. As all of the individual owners entrust us to operate each of their properties, we may form a unified operation plan for each hotel project, which offers economies of scale and other benefits that individual owners and we could not enjoy should each individual room be operated separately.

Cooperation with Hotel Management Companies

We entered into agreements with three different hotel management companies to manage our hotels. The agreement for Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店) is for a period of 15 years. The agreement for Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 • 精選(西昌領地邛海店)) is for a period of five years. The agreement for Xichang Yinju Qionghai Vacation Hotel (西昌隱居邛海度假酒店) is for a period of five years. The salient terms of these agreements primarily stipulates that (i) the hotel management companies shall provide hotel management and marketing services, among others, and (ii) we, as the owner of the hotels, shall pay the hotel management companies management fees on a monthly basis, either at a fixed rate, or at a

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floating rate based on the gross profit margin of the relevant hotel. In addition, some of the hotel management companies also requires us to pay a license fee in relation to our use of their brand names.

OUR PROJECT MANAGEMENT BUSINESS

We commenced to provide project management services in November 2018. In 2018 and 2019, we provided project management services to two customers. The customers for our project management services are third-party property developers who held land parcels and engaged us to manage property development projects on such land parcels. Leveraging our experience in project development, we provide project management services to them. Both projects are residential property development projects, with one in Xinxiang, Henan province, and the other one in Guang'an, Sichuan province.

We entered into an agreement with each of the customers for our project management services. The project management services we provided during the Track Record Period primarily included (i) project planning and design; (ii) construction and procurement; (iii) sales and marketing; and (iv) construction completion and delivery. We help to select suppliers for the project development process. Our customers were entitled to make final decisions during the project development process with respect to selection of suppliers, approval of budgets and approval of material changes to the construction designs or schedules. We charge management service fees for our project management services on a monthly basis. We also expect to charge a commission for the properties we sell on behalf of our customers as well as a bonus if the sales prices exceed a pre-determined price level. We grant a credit term of no more than 30 days to our customers.

As of the Latest Practicable Date, the Xinxiang project was under development. Term of the agreement with respect to the Xinxiang project is 24 months. Our PRC Legal Advisors are of the view that the agreement with respect to the Xinxiang project is legally binding. During the Track Record Period, we were in compliance with the agreement in all material aspects. Due to the breach on part of the customer, the agreement in relation to the Guang'an project was terminated based on mutual consensus. As of the Latest Practicable Date, we have an on-going litigation in relation to the Guang'an project which we do not expect to have a material adverse effect on our financial condition or results of operation.

In 2018 and 2019, the revenue generated from our project management services accounted for approximately 0.04% and 0.1%, respectively, of our revenue. For the five months ended May 31, 2019 and 2020, the revenue generated from our project management services accounted for approximately 0.5% and 0.2%, respectively, of our revenue. In 2017, we did not generated revenue from providing project management services.

We provided project management services when there were opportunities we considered commercially viable. The factors we consider when we evaluate an opportunity include the financial condition and reputation of the potential customer and the projected profit margin. We had not identified new opportunities to provide such services as of the Latest Practicable Date.

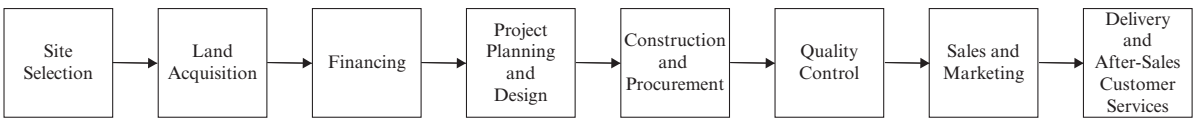
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OUR PROPERTY DEVELOPMENT MANAGEMENT

Overview

We endeavor to develop high-quality residential properties to customers who are either first time home purchasers or those purchasing to upgrade their existing living condition. We have established a rapid turnover model operated by our functional centers or departments. In addition, we established local project companies to manage our local projects directly.

The diagram below summarizes the major stages of our property development process:



Site Selection

We undergo a careful examination and selection process for our property sites. To minimize costs and to ensure a high turnover rate, we primarily focus on property development in second-tier and major third-tier cities.

The factors we consider in assessing whether a site is suitable for development include, but are not limited to:

- prospects of the city’s development;
- the economic environment and the physical and geological characteristics of the site;
- transportation infrastructure;
- estimated development costs;
- access to public infrastructure and commercial facilities;
- the local government’s zoning plans;
- scale and price of the land;
- the potential for value appreciation;
- historical features and natural resources;

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- the central and local governments’ industry policy and development strategies;
- the policy and current status of the regional real estate market;
- the layout, amount and price of the regional real estate market; and
- potential customers’ needs and preferences.

We intend to adopt flexible land acquisition strategies. In addition to public tenders, auctions and listings-for-sale and acquisition of equity from third-party companies which possess land parcels, we also establish joint ventures and associates with other reputable property developers to acquire land.

Our site selection is typically proposed by regional investment managers (區域投資經辦人), and approved by our investment committee (投委會) and investment board (投資董事會), comprising of our directors and senior management team members. Our site selection process is led by our experienced site selection team and sales team consisting of key members of our senior management. Our regional investment managers are responsible for identifying a potential project, conducting market research and performing preliminary screening. Our sales team is responsible for determining the preliminary sales price and the upper limit of land cost for the potential projects. Thereafter, the site selection team and sales team will provide a comprehensive score of the potential project and submit to the investment committee for approval. If the score passes threshold requirement, the committee will approve the site on the condition that the land price does not exceed the upper limit of land cost. Benefited from our standardized process to manage our investment decisions, we are typically able to complete the preparatory work and start a property development project within seven days after we obtain a land parcel.

Land Acquisition

During the Track Record Period, we obtained our land reserves through the following methods:

- participation in public tenders, auctions and listings-for-sale;
- acquisition of equity interest from third-party companies which possess land parcels; and
- establishing joint ventures and associates with other property developers.

We adjust our land acquisition methods to adapt to the local economics and policies of the cities that we intend to expand into.

We adopt standardized procedures with respect to our land acquisition work. For instance, we have established operating manuals that specify the detailed procedures and process to follow for each of the acquisition methods we choose to adopt. Guided by the procedures set out in our operating manuals, our project company teams, among others, prepare and complete required studies, analysis or application materials in accordance with

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specified timetable and detailed information requirements. Our standardized operating procedures provide an effective and consistent guidance on our project approval steps and help to ensure that we complete our internal evaluation process in an efficient manner.

During the Track Record Period, for 16 property projects, we failed to make land premium payments pursuant to the payment schedules of relevant land grant contracts, and accordingly incurred contractual penalties thereof. We delayed in land premium payments for 13 of the 16 property projects primarily due to our staff’s negligence in handling and coordinating relevant payment schedules, and had subsequently paid the land premiums in full together with the contractual penalties thus incurred. Staff at our regional investment department used an electronic spreadsheet to keep track of the relevant payment schedule and failed to timely follow up on the payments and missed the deadlines for these property projects. Regarding the remaining three property projects, payments were not made in accordance with the original land premium payments schedules mainly because (i) for Chengdu Yipin Center (成都一品中心), we needed to revise our original construction plan due to changes in the local government’s construction plan vetting criteria, which were the result of changes in certain PRC national security policies, (ii) for Huizhou Lantai House (惠州蘭台府), we requested the local government to amend the original land premium payment schedule considering the high voltage wires on site which were in need of the local government’s assistance to remove, and thus delayed the land premium payment while waiting for the local government’s assent in this regard, and (iii) for Meishan Changshoufang (眉山長壽坊), the relevant project company delayed its land premium payment before we acquired such project company, and we had paid the relevant portion of land premium, together with the contractual penalties incurred thereof, after the acquisition. As advised by our PRC Legal Advisors, such delays did not constitute any non-compliance under the applicable laws and regulations, as such delays only constituted breaches of the relevant land grant contracts. Neither did such delays, or the contractual penalties incurred thereof, result in any material adverse impact on our operations. As of May 31, 2020, we had paid the relevant contractual penalties in full in connection with all of the 16 projects in the aggregate amount of RMB56.3 million, accounting for an immaterial portion of our revenue over the same period, and obtained the relevant land use rights certificates/real estate title certificates (Land) for 15 of these projects. For Chengdu Yipin Center (成都一品中心), the remaining project for which we had not received the land use rights certificates/real estate title certificates (Land) as of the Latest Practicable Date, our project company expects to obtain the certificate after the local government vets and authorizes our construction plan revised as per the requirements of the amended governmental vetting criteria. We believe that our relevant project company will not encounter any material difficulties in obtaining the land use rights certificates/real estate title certificates (Land) for Chengdu Yipin Center (成都一品中心). See “Risk Factors—Risks Relating to Our Business—We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late payment fees if we breach the terms of the land grant contracts.”

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

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the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the land user fails to commence development after two years, the right to use the land may be confiscated without any compensation, except that the delays are caused by force majeure, the activities of government, or the delay in the necessary preliminary work for starting the development. See “Regulatory Overview—Development of Real Estate Projects—Commencement of real estate development projects.” Based on the confirmation letters we received from and interviews with competent government authorities, we have not received any notice from any PRC government authority identifying any idle land or requiring us to pay idle land fees during the Track Record Period and up to the Latest Practicable Date.

We have enhanced internal control policy and procedures to govern the administrative procedures for the acquisition of land, payment of land premium, and obtaining land use right certificates. An internal policy has been approved by our directors and circulated in the Group. As a part of the policy, our regional investment department is required to update the payment schedule upon the signing of the land grant contracts. The payment schedule is sent to our strategic investment manager at the group level for review. Both regional investment manager and strategic investment manager at the group level are responsible to review the payment schedule and ensure that the payment requisition has been initiated timely. A copy of land grant contract will be circulated to our finance department at regional and group levels who is responsible to monitor the cash flow and arrange the payment. Finance department at regional and group levels will include the details of land premiums and relevant information into the master file as well as the payment date of land premium into the daily payment plan. The daily payment plan at regional and group levels is reviewed and monitored by finance manager at the group level and chief financial officer to ensure the timely payment. Prior to the payment date, the regional investment department initiates the payment and submit the application form to our strategic investment department at the group level to check against the payment schedule which is prepared by regional investment department. The form is then passed to the finance department at regional and group levels to check against their master file and the daily payment plan. After that, the management approves the application form. In addition, training sessions have been, and will continue to be, provided to relevant staff to update relevant rules and regulations regularly.

Financing

We finance our projects primarily through capital contributions from our shareholders, internal cash flows including proceeds from the pre-sale of our properties, bank loans, trust financing and other borrowings, and may also issue corporate bonds and asset-backed securities to lower our debt level and reduce our finance costs. PBOC and CBRC have issued respective guidelines in relation to granting loans to real estate developers. See “Regulatory Overview—Real Estate Financing—Loans to real estate development enterprises.” We intend to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required. As of May 31, 2020, our outstanding borrowings amounted to RMB15,176.3 million. See “Financial Information—Indebtedness.”

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According to our projected construction schedule, we seek financings to fund our constructions. We consider the amount and repayment schedule of our project loans, as well as the expected expenditure and construction schedule of the relevant projects so as to ensure that our project loans will be properly covered by our proceeds from pre-sales and sales.

Project Planning and Design

In order to provide our customers with distinctive designs and to achieve operating efficiency, we outsource the design of a majority of our property development projects to third-party architecture and design firms through an open tender or bidding process. We have maintained a pool of top third party designers from China and abroad, such as Shanghai Tianhua Architectural Design Co., Ltd. (上海天華建築設計有限公司), Shanghai Kaide Architecture & Decoration Design Co., Ltd. (上海鍇德築裝飾設計有限公司) and Guangzhou Zhucao Decoration Design & Engineering Co., Ltd. (廣州築巢裝飾設計工程有限公司). Our product development department supervises and provides the third-party architecture and design firms with directions and design criteria on which we aim to market our projects. Our project engineering department monitors closely the work of the architecture and design firms to ensure that the project designs meet our specifications and works together with our supervision department to ensure that any problems encountered with the proposed design during construction are resolved in a timely manner.

Construction and Procurement

Project management

As of May 31, 2020, we maintained a property development project management team consisting of approximately 232 engineers or technicians. These employees are deployed in our headquarters, regional companies and project sites. They are responsible for communicating with our construction contractors and specialized contractors and performing quality inspection and control.

Appointment of construction contractors

We do not maintain a construction capacity and outsource construction works of all our property development projects to qualified third-party general construction contractors. Such construction works include, among other things, foundation digging, general construction and installation of equipment. The general contractors of our property developments are selected through an open tender process. The tender process is managed by the bidding and purchase department at the headquarters of our Company and the costs and bidding departments of our pertinent subsidiaries. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervision on 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, industry reputation, track record and prices tendered. We also maintain an information system on general contractors we have worked with and take relevant information from the system into account when evaluating the bids. We also involve the

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work of specialized contractors in specific areas, such as project design. The specialized contractors are typically selected through a tender process and will typically enter into contracts with us. During the Track Record Period, we had engaged and maintained stable business relationships with a number of general construction contractors and specialized contractors.

Certain risks, such as the risk of injuries, labor disputes and quality deficiency, are borne by the contractors, as provided in our contracts with them. 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. During the Track Record Period, we were involved in contractual disputes with our contractors, which were primarily in respect of the construction payments and did not have any material adverse effect on our business. During the same period, we did experience two cases of material personal injury or death caused by our contractors, whereas these cases did not have any material adverse effect on our business, nor did we receive any compliant or claim for compensation thereof.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction works. We generally do not make advance payments. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. Our construction costs department (工程成本部門) and finance department (財務部門) will make payment plans in accordance with contract terms and construction progress to ensure punctual payment and to monitor cash flow.

Procurement

Our procurement activities fall into two categories: construction raw materials and equipment. Our construction contractors are responsible for procuring raw materials, notably steel and concrete. With respect to construction contracts of substantial value and long duration, our cost control department carefully records and monitors the costs throughout all stages of procurements. Our suppliers are selected through an open tender process. We select the lowest bid as the winner bid among all bids that meet our technical standards. During the Track Record Period, fluctuations in the construction raw materials rarely exceeded the relevant materiality threshold in the relevant contracts we had with our construction contractors and we therefore rarely incurred additional costs to compensate our construction contractors. Nonetheless, as we typically pre-sell our properties prior to their completion, we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the pre-sale. See “Risk Factors—Risks Relating to Our Business—We may experience fluctuations in our construction costs.”

Quality Control

We place significant emphasis on quality control in the management of our projects. As of May 31, 2020, we had a team of approximately 232 employees engaged in our stringent quality control with an average of 6 years of experience in the construction industry. We have adopted various procedures and guidelines in furtherance of this goal,

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such as project management procedures, project inspection procedures and project quality control procedures, as well as detailed guidelines for foundation work, anti-leakage in main structure and interior decoration in decorated apartment.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not encountered any material quality problems nor receive any material complaints about the quality of our projects.

Sales and Marketing

Sales and marketing plan

The sales and marketing teams study local market information and formulate pre-marketing, sales and pricing plans and procedures for approval by the sales and marketing department at the city level before submitting for approval to our headquarters. We determine our per unit sales price with reference to the sales price of project location and our development costs. Our sales and marketing personnel are incentivized by performance-based compensation packages. Throughout and subsequent to the project development and pre-sale period, we provide comprehensive assistance to our customers, coordinate internally to address queries raised by, and collect feedback from, our customers and potential customers for us to evaluate our products and devise modifications to designs of our future properties as appropriate to address any change in market demand.

Our promotion channels primarily include advertising through social media, newspapers, radio, and internet. We generally engage advertising design agencies in China to assist us in our sales campaigns. We also engage third-party agents to assist with our sales and marketing, including (i) third-party sales agents, who assists us with every step of a property sale and earns commission fees based on the contract prices upon the customer signing the sales contract; and (ii) third-party marketing agents, who advertises and markets the property products to prospective customers through traditional and new media channels. We pay fixed advertising and marketing fees to such third-party marketing agents. We hold promotional and sales events at our property development project premises and invite potential customers to visit exhibit units. Customers of some of our property development projects are entitled to referral bonuses. Under our current referral bonus scheme, each existing customer is qualified to receive a bonus if she or he introduces a new customer who eventually signs a sales contract with us and makes the required payments subsequently. The referral bonus scheme is limited to existing customers who have purchased properties from us previously and each property sold only qualifies one individual customer for one-off bonus. The amount of each bonus varies with our policies for different projects in different locations.

Pre-sale

In line with market 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 land. We launch pre-sale upon

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the receipt of pre-sale permits according to the PRC laws and regulations. Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to:

- payment of the land grant premium in full and receipt of the relevant land use rights certificates/real estate title certificates (Land);
- receipt of construction work planning permit;
- receipt of construction work commencement permit;
- injection of at least 25% of the total investment into the development of the properties for pre-sale; and
- receipt of pre-sale permit.

See “Regulatory Overview—Real Estate Transactions—Pre-sale of commodity properties.” We generally time the launch of our pre-sale campaigns according to the progress of construction, market conditions and any general holidays.

Properties developers are required to use a standard pre-sale contract prescribed by the relevant local government. Purchasers are typically required to make a down-payment according to the schedule stipulated in the sales contract. The amount of down-payment to be paid and the circumstances in which deposits may be forfeited are stipulated in relevant pre-sales contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale with the relevant local authorities and provide warranties on the quality of properties we construct or sell to our customers for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts, being approximately two to five years. See “Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to pre-sales.”

Canceled contracted sales are sales transactions canceled after the down-payment and the signing of pre-sale contracts. Our Directors confirm that during the Track Record Period, canceled contracted sales are rare and did not have a material adverse effect on our financial condition.

During the Track Record Period, we did not experience any significant delays in obtaining the required certificates and permits for the pre-sale of our properties. We have obtained all necessary permits, certificates and approvals prior to the commencement of pre-sales activities.

During Track Record Period, certain of our subsidiaries failed to directly deposit full amount of the pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements or withdrew the pre-sale proceeds from the designated escrow accounts in the amount more than what is permitted under the relevant PRC laws and regulations. See “—Legal Proceedings and Compliance—Non-compliance Incidents.”

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Pricing Policies

Prior to the launch of our sales efforts for a project, we set the overall marketing budget and strategy, overall sales targets and timeline for each project and targeted ASPs based on our total costs incurred, market price of comparable properties and our targeted probability levels. For certain of our property development projects where the land parcels are comparatively small and circumstances allow us to develop, sell and deliver the properties within a short time frame, we may elect to set comparatively lower prices for such properties to attract customers, and so as to generate positive cash flows within a short time frame. Total costs incurred include all costs incurred in relation to the construction of the property development project, including land costs, construction costs, marketing costs and capitalized finance costs. A premium will be added based on our target rate of return, overall sales target for each project and the competitive landscape.

As part of our overall goal and strategic plan, we set annual targets for total sales price and revenue for all of our property projects, which are based on our development plan, estimated cash flow, market prospects, estimated costs and profit target. In accordance with such targets, we manage our property inventory position on the basis of their realizable market value. Accordingly, we establish additional or adjust our investment plans and product positioning, design, sales price and marketing approach in view of such estimated realizable market value. Due to the highly competitive and evolving nature of the real estate industry in China, we continually monitor the changing market condition and adjust the sales prices of our projects as appropriate. In particular, although sales targets are approved at our headquarters, we authorize senior management teams in each regional company to adjust sales price for our projects based on changing market conditions since they are more familiar with the local property markets. Our ability to adjust our sales price at the local management level to proactively respond to trends in local property markets has enabled us to maintain profitability. As part of our marketing efforts, during the Track Record Period, we offered discounts to customers who pay the property price in full upon signing the formal sale and purchase agreement without mortgage, and customers who purchase more than one property or have multiple purchase records. We believe the above discounts have been effective in attracting potential customers and improving our profitability in general and we consider that the discounts granted were in line with the then prevailing market practice.

Payment arrangement

Our customers may choose to pay the purchase price of our properties by one lump sum payment, by installments, 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 when the sales contract executed. Customers choosing to settle the purchase price of residential properties by mortgage financing shall, according to the terms stipulated in the relevant sales contract, normally pay a down-payment of 30% to 70% 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.

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

As of December 31, 2017, 2018 and 2019 and May 31, 2020, our outstanding guarantees in respect of the mortgages for purchasers of our properties amounted to RMB2,992.7 million, RMB5,443.2 million, RMB8,882.0 million and RMB10,459.3 million, respectively. During the Track Record Period, we had encountered incidents where we were jointly and severally liable for a purchaser’s default under his mortgage loan. See “Financial Information—Commitments and Contingent Liabilities—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 are liable to the mortgagees if our customers default.” In the case of a purchaser default, we are entitled to forfeit the deposits the purchaser has made with us and foreclose on the relevant property.

Delivery of Properties and After-Sale 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. Prior to delivery of the properties, we are required to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) in accordance with local laws and regulations. It typically takes approximately 20 to 24 months from the commencement of pre-sale to the receipt of acceptance and compliance form of construction completion. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delays in the completion of our projects or delivery of relevant title documents after sales.

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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 penalties per day at progressive rates, typically ranging from 0.005% to 0.01% depending on the length of delay, of the purchase price of the pertinent property in accordance with the terms of the relevant sales contracts. Such progressive rates stipulated in our sales contracts may vary depending on the local regulatory authorities’ policies. See “Financial Information—Description of Certain Line Items of Our Consolidated Statements of Profit Or Loss—Other expenses.”

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 sales contracts, to arrange the delivery procedures. Our customers will then come to our designated locations to conduct the delivery procedure with us. We may also be liable to compensate our customers for any delay in the delivery of properties. During the Track Record Period, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sale during the Track Record Period.

According to our accounting policies, our revenue is recognized when the properties are delivered to our customers when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and applicable laws, control of the asset may transfer over time or at a point in time. The recognition of our revenue from sale of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

After-sale services

Our after-sale customer service department provide after-sale assistance to our customers, including property maintenance, customer complaint management, customer data management and analysis, customer satisfaction survey, and property deficiency solution and improvement. In addition, we also provide mandatory warranties to our customers as required by relevant regulations. During the Track Record Period, we were not aware of any material customers’ complaints or product liability claims, nor did we incur any material warranty expense. Our customers may also participate in our activities and obtain first-handed information regarding our new property development projects.

To better understand our customers’ needs, we conduct customer surveys regularly since 2014. We also work with third parties to conduct customer surveys on a yearly basis. Through the surveys, we collect our customers’ comments and concerns. The surveys typically cover more than 80% of the customers of our residential properties each year, and more than 95% of such customers provide us with their feedbacks. In 2018, our customer satisfaction level reached 75.9, as compared to the industry average of 71.2, according to the China Index Academy.

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PROPERTIES USED BY US

As of September 30, 2020, we had properties of a total GFA of approximately 20,606 sq.m., which we occupied for our own use. See “Appendix III—Property Valuation Report—Property No. 2 and No. 3.”

LEASED PROPERTIES

As of September 30, 2020, we leased certain properties in Sichuan, Jilin, Guizhou, Henan and Jiangsu provinces, as well as in Xinjiang Uygur Autonomous Region, of a total GFA of approximately 32,185 sq.m. for our office premises and hotel operations. See “—Our Hotel Operations Business—Hotel in Operation—Business Models.” The majority of the landlords of our leases are Independent Third Parties. The leases have terms ranging from one to five years, and we expect to renew the leases upon their respective expiry.

As of the Latest Practicable Date, we, as the tenant, failed to register 230 lease agreements, including the lease agreements in connection with our hotel operations. In addition, as of the Latest Practicable Date, we, as the landlord, failed to register 228 lease agreements. Registration of lease agreements requires the submission of certain documents of our counterparties, including their identity documentation and property ownership certificates, to the relevant authorities. Therefore, the registration is subject to cooperation of our counterparties, which is not within our control. As advised by our PRC Legal Advisors, the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. 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 orders or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe these unregistered lease agreements would not have a material adverse operational or financial impact on us. Accordingly, no provision was made in our financial statement. In order to ensure on-going compliance with the PRC laws and regulations, we will continue to seek cooperation from our counterparties to register executed lease agreements with the relevant PRC government authorities.

SUPPLIERS AND CUSTOMERS

Suppliers

Our major suppliers are construction materials and equipments suppliers and construction contractors. During the Track Record Period, we selected suppliers through selective tendering/bidding process conducted either by our subsidiaries or pertinent project companies, or by our headquarters periodically pursuant to our partially-centralized approach. We generally specified in our agreements with contractors the selected suppliers from whom our contractors were to procure construction materials for our projects. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, our five largest suppliers, primarily comprising construction contractors and each an Independent Third-Party, accounted for 77.8%, 64.3%, 59.8% and 50.0% of our total

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purchase, respectively, and our single largest supplier accounted for 32.4%, 54.1%, 51.6% and 37.4% of our total purchase during the same periods, respectively. See “Risk Factors—Risks Relating to Our Business—We are exposed to risks related to concentration of suppliers.” As of May 31, 2020, our business relationships with these major suppliers ranged from one to 10 years. During the Track Record Period, we had not entered into any long-term contracts with these major suppliers. The following tables set forth certain information of our five largest suppliers during the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020:

	<u>Supplier</u>	<u>Total purchase amount</u> (RMB'000)	<u>Percentage of total purchase of the period</u>	<u>Services/products provided</u>	<u>Number of year(s) of business relationship</u>
For the five months ended May 31, 2020					
1	Supplier A	1,088,297	37.4%	General Contractor	10
2	Supplier B	134,350	4.6%	General Contractor	1
3	Supplier C	105,099	3.6%	General Contractor	2
4	Supplier D	69,663	2.4%	General Contractor	1
5	Supplier E	58,326	2.0%	General Contractor	6
For the year ended December 31, 2019					
1	Supplier A	2,978,740	51.6%	General Contractor	10
2	Supplier F	146,810	2.5%	General Contractor	6
3	Supplier E	120,944	2.1%	General Contractor	6
4	Supplier C	106,751	1.9%	General Contractor	2
5	Supplier G	97,725	1.7%	General Contractor	2
For the year ended December 31, 2018					
1	Supplier A	1,956,390	54.1%	General Contractor	10
2	Supplier F	127,541	3.5%	General Contractor	6
3	Supplier H	95,469	2.6%	General Contractor	8
4	Supplier I	73,171	2.0%	Furnish and Decoration	3
5	Supplier G	72,284	2.0%	General Contractor	2
For the year ended December 31, 2017					
1	Supplier A	600,418	32.4%	General Contractor	10
2	Supplier H	485,142	26.2%	General Contractor	8
3	Supplier J	148,884	8.0%	General Contractor	7
4	Supplier K	111,867	6.0%	Furnish and Decoration	9
5	Supplier L	97,075	5.2%	General Contractor	3

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 suppliers during the Track Record Period.

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Customers

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, our five largest customers accounted for 19.6%, 22.2%, 2.0% and 0.9% of our total sales amount, respectively, and our single largest customer accounted for 11.3%, 15.3%, 0.8% and 0.3% of our total sales amount during the same periods, respectively. The following table sets forth the background of our five largest customers during the Track Record Period and details of our sales to them:

Customer	Background	Project	Properties sold	GFA sold (sq.m.)	Amount of sales (RMB'000)	Percentage as of the total sales amount for the period
For the five months ended May 31, 2020						
1 Individual a	An independent third-party individual	Foshan Haina Mansion	Commercial	2,600	7,699	0.26%
2 Individual b	An independent third-party individual	Chengdu International Finance Center	Commercial	356	5,388	0.19%
3 Individuals c and d	An independent third-party individuals	Meishan Kaixuan International Mansion	Commercial	513	5,003	0.17%
4 Individual e	An independent third-party individual	Foshan Haina Mansion	Commercial	1,069	4,762	0.16%
5 Individuals f and g	An independent third-party individuals	Meishan Kaixuan International Mansion	Residential	466	4,371	0.15%
For the year ended December 31, 2019						
1 Company A	An independent third-party company, headquartered in Chengdu and providing hotel management, catering business management, real estate brokerage, real estate information consulting, real estate leasing, corporate marketing planning, business management consulting and garden management services	Chengdu International Finance Center	279 car parks	11,257	57,476	0.8%
2 Changchun Baorui Enterprise Management Co., Ltd. (長春寶瑞企業管理有限公司)	A subsidiary of Chengdu Baorui, which is wholly controlled by Rong Liang Group, headquartered in Changchun, providing corporate management services, property management, corporate publicity planning, advertising businesses, socio-economic consulting, and investment with own funds, operation management, marketing planning, own space rental, parking service, real estate leasing, daily necessities retail, import and export trade, real estate brokerage, real estate information consulting services	Jilin International Trade Center	536 car parks	23,788	47,379	0.6%
3 Individuals h, i, j, k and l	Independent third-party individuals	Leshan International Mansion	Commercial	2,168	20,476	0.3%
4 Company B	An independent third-party company, headquartered in Meishan, providing project investment, non-financial guarantees, asset operation and management, primary land development, wholesale and retail and property management services	Meishan Kaixuan Square	Commercial	2,848	16,240	0.2%
5 Company C	An independent third-party company, headquartered in Changchun, providing construction engineering, civil engineering, fire protection engineering, decoration engineering, design and construction, water conservancy and hydropower engineering design and construction and landscape engineering construction services	Jilin Kaixuan Mansion	128 car parks	5,933	9,486	0.1%

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Customer	Background	Project	Properties sold	GFA sold (sq.m.)	Amount of sales (RMB'000)	Percentage as of the total sales amount for the period
For the year ended December 31, 2018						
1 Company A	An independent third-party company, headquartered in Chengdu and providing hotel management, catering business management, real estate brokerage, real estate information consultancy, real estate leasing, corporate marketing planning, business management consultancy and garden management services	Chengdu International Finance Center	Commercial 400 car parks	49,218 16,018	682,680	15.3%
2 Company D	An independent third-party company, headquartered in Chengdu and providing real estate leasing, real estate brokerage, property management, corporate management and business consulting services	Chengdu International Finance Center	Commercial	12,434	162,231	3.6%
3 Company E	An independent third-party company, headquartered in Shenzhen, producing medical electronic instruments and their supporting reagents and develop related software	Chengdu International Finance Center	Commercial 24 car parks	4,177 895	75,800	1.7%
4 Company F	An independent third-party bank's local branch in Chengdu	Chengdu International Finance Center	Commercial	415	39,418	0.9%
5 Company G	An independent third-party company, headquartered in Chengdu and providing property management, real estate marketing planning, real estate brokerage, corporate marketing planning, car park management, business consulting, conference and exhibition supporting service, hotel management and online trade agency services	Chengdu International Finance Center	Commercial 12 car parks	2,898 462	27,871	0.6%
For the year ended December 31, 2017						
1 Company A	An independent third-party company, headquartered in Chengdu and providing hotel management, catering business management, real estate brokerage, real estate information consultancy, real estate leasing, corporate marketing planning, business management consultancy and garden management services	Chengdu International Finance Center	Commercial	47,484	597,420	11.3%
2 Company H	An independent third-party bank headquartered in Leshan	Chengdu International Finance Center	Commercial 107 car parks	30,872 3,884	381,165	7.2%
3 Individual m	An independent third-party individual	Jilin Kaixuan Mansion	Commercial	2,649	22,927	0.4%
4 Company I	An independent third-party company headquartered in Songyuan, Jilin province and conducting crop hybridization, research and development, breeding, production, processing and distribution of conventional seeds and rice seeds, distribution of pesticides and fertilizers and real estate leasing	Jilin International Trade Center	Commercial	2,004	19,090	0.4%
5 Individual n	An independent third-party individual	Jilin International Trade Center	Commercial	1,187	16,951	0.3%

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Our five largest customers during the Track Record Period were individual and corporate purchasers of our residential or commercial properties, all of whom were Independent Third Parties, except Changchun Baorui Enterprise Management Co., Ltd. (長春寶瑞企業管理有限公司) (“**Changchun Baorui**”). Changchun Baorui is a subsidiary of Chengdu Baorui, which is wholly controlled by Rong Liang Group. See “Connected Transactions—Continuing Connected Transactions Which Are Subject to the Reporting, Annual Review And Announcement Requirements But Exempted from the Independent Shareholder’s Approval Requirement-Commercial Management Services.” In 2019, Changchun Baorui purchased car parks at a consideration of RMB47.4 million from us for business use, representing approximately 0.6% of our revenue from sale properties. The pricing of the transactions between Changchun Baorui and our Group was comparable to that of similar transactions between Independent Third Parties and us. Changchun Baorui was not our customer in 2017 and 2018. 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, except for Changchun Baorui. Nor was there any overlap between our five largest customers and our five largest suppliers during the Track Record Period. However, Changchun Baorui, being one of our five largest customers in 2019, was also a supplier of ours and provided property management services to us during the Track Record Period. During the Track Record Period, Changchun Baorui managed two commercial properties, namely Jilin International Trade Center (吉林環球貿易中心) and Jilin Kaixuan Mansion (吉林凱旋公館), both were operated by our project company, Jilin Leading Real Estate. The table below sets forth the property management fees paid to and the sale of properties income from Changchun Baorui during the Track Record Period.

	<u>For the years ended December 31,</u>			<u>Five months ended May 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(RMB'000)			(Unaudited)	
Revenue from sale of properties	—	—	47,379	—	1,977
Property management fees . . .	(2,642)	(8,503)	(12,367)	3,144	6,807

During the Track Record Period, we did not enter into any long-term contracts with these major customers. We generally do not grant credit terms to our residential properties purchasers. As for our commercial properties purchasers, we typically grant to our commercial properties purchasers credit terms ranging from more than three days to half a year, with very few exceptions where credit terms of more than half a year may be approved on a case-by-case basis.

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AWARDS AND RECOGNITIONS

As of the Latest Practicable Date, we have received recognition from various industry associations, government authorities and the public. The table below sets out certain of the awards we received in respect of our property development operations:

Year	Award/Recognition	Awarding Entity
2020 . . .	Best 100 of China Real Estate Developers (中國房地產開發企業100強)	China Real Estate Industry Association (中國房地產業協會)
2020 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2019 . . .	TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2019 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2018 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2018 . . .	TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2017 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2017 . . .	TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2015 . . .	TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2015 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)
2014 . . .	TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)	China Real Estate TOP10 Research (中國房地產TOP10研究組)

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Year	Award/Recognition	Awarding Entity
2014 . . .	China TOP 100 Real Estate Developers (中國房地產百強企業)	China Real Estate TOP10 Research (中國房地產TOP10研究組)

COMPETITION

The PRC real estate industry is highly fragmented and competitive. As a real estate developer in China, we primarily compete with other Chinese real estate developers and, to a lesser extent, foreign developers focusing on the development of residential properties in the PRC. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. Some of these competitors may have better track records, greater financial, human capital and other resource.

Our main business of residential property development grew rapidly during the past years. In the cities where we have been operating for a long time, such as Chengdu, Leshan, Meishan, Xichang and Ya'an, we have a competitive advantage when comparing to the well-known national real estate developers. We offer quality residential projects and maintain high customer loyalty, and our sales performance is among the best in these cities. According to the CREIS China Index Database (CREIS中指數據庫), in terms of the GFA of properties associated with contracted sales in 2018, we accounted for approximately 2.1% of the real estate market in Sichuan province, and approximately 33.2%, 31.3% and 26.7%, respectively, of the real estate markets in Xichang, Ya'an and Leshan. In 2019, we accounted for approximately 2.0% of the real estate market in Sichuan province in terms of the GFA of properties associated with contracted sales, according to the CREIS China Index Database (CREIS中指數據庫). However, competition in the cities where we have operations or plan to operate, as Chengdu, Chongqing and Foshan has been intensified in recent years. An increasing number of PRC national property developers and overseas have entered the property development markets in these cities, resulting in increased competition for land available for development. Moreover, the PRC government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. These factors have increased competition and land grant premiums in relation to land made 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 large growth potential. We believe that, with our prudent site selection, proven property development capabilities, and long lasting customer recognition, we will continue to compete in our target project development market.

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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 the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support our developments, ability to complete our development projects on time and competition from other property developers. See “Risk Factors.”

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 “Risk Factors—Risks Relating to the Property Industry in China—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.”

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- Our board of directors and senior management team are responsible for determining our business and investment plans, preparing our annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of our Group. Any significant business decisions involving material risks are revised by our board of directors. See “Directors and Senior Management—Board of Directors.”
- Our management team at headquarters level is in charge of the daily business operations and risk monitoring of local projects, and 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 city company level and our group level.
- Our final site selection decisions are made by site selection committee. This committee was specifically formed to review and approve such business development and consists of directors, managers of sales and market department and other managers of relevant department at the headquarters level.
- Our internal audit and risk control department is responsible for monitoring the implementation of our internal control measures.
- Our legal department is responsible for legal matters at the Group’s headquarter level and for our local subsidiaries. The legal department supervises the legal compliance of production, operation, employment, financing, material transactions and acquisitions.

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INTELLECTUAL PROPERTY

We believe our brand Leading (領地) is well known and widely recognized in Sichuan province. We have built up our brand primarily through consistent delivery of high-quality properties with convenient location and facilities to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed in the process of our business development. As of the Latest Practicable Date, we owned 483 trademarks and 27 domain names which were registered in the PRC. We rely to a significant extent on our brand name, Leading (領地), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. During the Track Record Period, we did not suffer any material infringement of our intellectual property rights by third parties. We believe that we did not violate any intellectual property rights of third parties during the Track Record Period.

INSURANCE

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. We typically require the construction contractors of our property development projects to purchase construction-in-progress insurance for our projects under development. We have not maintained insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group, as such is not required under the applicable PRC laws and regulations. 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—Our insurance coverage may not sufficiently cover the risks related to our business.”

ENVIRONMENTAL AND SOCIAL MATTERS

Environment

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.” Pursuant to these laws and regulations, we have engaged licensed 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 works, the constructor should make an acceptance check of the matching environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council.

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Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any breach or non-compliance identified.

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we incurred RMB0.3 million, RMB0.4 million, RMB0.2 million, RMB0.3 million and RMB0.2 million, respectively, as cost for compliance with applicable environmental rules and regulations. Our Directors expect that we will continue to incur 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 our property development projects. During the Track Record Period, no material fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations. In addition, we had obtained all required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

Social Matters

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 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.

Our employee’s administrative measures 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 equipments including gloves, boots and hats. Our Human Resources department is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the Track Record Period, we did not encounter any material safety accident, there were no claims for personal or property damages and no compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Under our typical construction contracts, we require our contractors to strictly comply with relevant safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any breach or non-compliance identified. During the Track Record Period, we did experience two cases of material personal injury or death caused by our contractors, whereas these cases did not have any material adverse effect on our business, nor did we receive any complaint or claim of compensation thereof. See “—Our Property Development Management—Construction and Procurement—Appointment of construction contractors.”

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EMPLOYEES

As of May 31, 2020, we had a total of 1,308 employees. All of our employees are located in the PRC. There had been no complaints or claims from employees that materially affected our operations during the Track Record Period and up to the Latest Practicable Date. A breakdown of our employees by function as of May 31, 2020 is set forth below:

<u>Function</u>	<u>Number of employees</u>	<u>Percentage of total employees</u>
Management	27	2.1%
Administrative and human resources.	160	12.2%
Financing	25	1.9%
Finance	215	16.4%
Product development and design	112	8.6%
Risk management	41	3.1%
Market research	60	4.6%
Sales and marketing	230	17.6%
Operation	194	14.8%
Strategic investment	82	6.3%
Procurement.	42	3.2%
Engineering	120	9.2%
Total.	<u>1,308</u>	<u>100.0%</u>

We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit employees from well-known universities, top property developer companies and large corporations in the PRC. As of May 31, 2020, among our employees, approximately 60% held a bachelor’s degree, and approximately 13% held a master’s or doctorate degree.

We continue to provide professional training to our employees. We have founded “Leading College (領地學院)” to provide various training sessions nurturing core skill sets including but not limited to operation management skills, customized for our employees with different professional experience. We engage experts in the industry from China and abroad to offer classes in our Leading College. Through training and education, we continue to optimize our workforce. We use commissions, bonuses and to motivate our employees. We believe that such measures can effectively attract and retain talents and enhance the performance of our employees.

We enter into individual employment contracts with our employees to cover matters such as wages, salaries, benefits and terms for termination. We generally formulate our employees’ remuneration package to include a salary, bonus and various allowances. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we incurred employee benefit expense (including directors’ and chief executives’ remuneration) of RMB117.6 million, RMB272.9 million, RMB309.8 million, RMB142.2 million and RMB126.0 million, respectively, representing approximately 2.2%, 6.0%, 4.1%,

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13.2% and 4.2% of our revenue, respectively. In general, we determine employee salaries based on each employee’s qualification, position and seniority. We have designed a periodic review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. During Track Record Period, certain of our subsidiaries failed to make adequate social security insurance and housing provident fund contributions for some employees as required by the relevant PRC laws and regulations. See “—Legal Proceedings and Compliance—Non-compliance Incidents.”

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. 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.

EFFECTS OF THE COVID-19 PANDEMIC

Effects of the COVID-19 pandemic on our property development business

In late 2019, an outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was identified in Wuhan city, Hubei province, China. COVID-19 subsequently spread across China and around the world. To curb the spread of COVID-19, the PRC government imposed certain measures across the country including, but not limited to, travel restrictions and 14-day quarantine for travelers or returnees, whether infected or not, and an extended shutdown of business operations.

Our project development activities

We had 69 projects under construction or for future development as of September 30, 2020. The construction was scheduled to complete from November 2020 to June 2028. Since late January 2020, the constructions were suspended due to the PRC Government’s mandatory quarantine requirements, which resulted in the prolonged suspension of business operations in the PRC. We started to resume constructions in February 2020. As of March 31, 2020, all of our property projects under construction had resumed normal project development activities.

For most of our projects under construction as of September 30, 2020, we expect to complete the construction on time as originally scheduled, because it typically takes 430 days from our commencement of pre-sales to the construction completion date, and we believe that we are able to adjust our existing construction schedules to catch up with the construction progress with respect to these projects. For the remaining 19 projects, we expect a delay in completion due to the COVID-19 pandemic. As a result of such delay, we will deliver the completed properties to their respective purchasers approximately four to 60 days behind schedule. We do not expect that the COVID-19 pandemic will materially affect our revenue from project development for the year of 2020.

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In particular, we had two projects in Hubei province, namely, Jingzhou Leading Lantai House (荊州領地蘭台府) and Jingzhou Leading Fengming Lantai (荊州領地鳳鳴蘭台), under construction as of the Latest Practicable Date. Jingzhou Leading Lantai House (荊州領地蘭台府) commenced construction and pre-sale in April 2019 and June 2019, respectively. The planned GFA under construction of Jingzhou Leading Lantai House is 208,275 sq.m., out of which the saleable GFA will be 187,129 sq.m. Jingzhou Leading Fengming Lantai (荊州領地鳳鳴蘭台) commenced construction and pre-sale in October 2019 and December 2019, respectively. The planned GFA under construction of Jingzhou Leading Fengming Lantai is 188,088 sq.m., out of which the saleable GFA will be 169,977 sq.m. Due to the outbreak of COVID-19 in Hubei province in late 2019 and the subsequent pandemic control measures taken by the local, provincial and national governments, we postponed the construction of these two projects. We expect to complete construction of Jingzhou Leading Lantai House in December 2021. We expect to complete construction of part of Jingzhou Leading Fengming Lantai in December 2021 and the rest in August 2022. As of the Latest Practicable Date, we had resumed construction of these two projects.

As of the Latest Practicable Date, there had not been any incident of termination of sales and purchase agreements due to the COVID-19 pandemic. Our standard sales contracts for these 19 property projects that we expect a delay in completion due to the COVID-19 pandemic either have explicitly defined the force majeure events to include pandemic outbreaks or have contractual provisions that exempt our defaults, if any, for postponing property delivery due to government’s mandatory restrictions such as official government notices to suspend construction activities under the circumstances of the COVID-19 pandemic. Pursuant to such contract provisions, we shall not be liable for delay in property deliveries as a result of a pandemic outbreak. Our PRC Legal Advisors have advised that such contract provisions on force majeure events and liability exemption are effective and binding, and based on our confirmation that such potential delay in property deliveries was caused by the COVID-19 pandemic, such contract provisions can provide the legal basis to support our claim to exempt our defaults, if any, for delay in property deliveries..

As of the Latest Practicable Date, we had two projects among these 19 property projects, namely Chengde Lantai House (承德蘭台府) and Chengdu Tianfu Lantai (Xinlong) (成都天府蘭台 • 新隆), which encountered delay in property deliveries due to COVID-19.

The part of Chengde Lantai House that encountered delay in property deliveries was originally scheduled to be delivered by June 30, 2020. Pursuant to the official notice issued by Housing and Urban-Rural Development Bureau of Shuangluan District, Chengde City (承德市雙灤區住房和城鄉建設局) on January 28, 2020 and the subsequent official notice by Housing and Urban-Rural Development Bureau of Chengde City (承德市住房和城鄉建設局) on February 7, 2020, all construction works in the area where this project is located were required to suspend for 48 days from January 28, 2020 to March 15, 2020 (both days inclusive) for the purpose of prevention and control of the COVID-19 outbreak. We resumed the construction works as soon as such restrictions were lifted. We had completed the construction and passed the acceptance examination for this part of Chengde Lantai House on July 31, 2020. It was delivered to the customers on August 12, 2020. We notified

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our customers in writing in February 2020 of the construction suspension imposed by local government authorities due to the outbreak of COVID-19. In addition, we delivered such properties only 43 days later (i.e., August 12, 2020) than the originally scheduled date (i.e., June 30, 2020), which is within the time period of 48 days during which the mandatory construction suspension had lasted. As of the Latest Practicable Date, regarding the delay in property deliveries for this project, the Company has not received any damage claims from its customers or the local government who granted the relevant land use rights.

Chengdu Tianfu Lantai (Xinlong) (成都天府蘭台•新隆) is expected to encounter one-month delay in property deliveries for a part of this project that was originally scheduled to be delivered on October 31, 2020. As of the Latest Practicable Date, we expect to deliver this part of Chengdu Tianfu Lantai (Xinlong) by November 30, 2020. According to the official notice issued by Chengdu Novel Coronavirus Infection Pneumonia Epidemic Prevention and Control Command Center (成都新型冠狀病毒感染的肺炎疫情防控指揮部) on April 13, 2020, for pre-sale contracts entered into before April 13, 2020 with the original date of property delivery later than January 24, 2020, the property deliveries can be postponed no longer than three months unless the parties to the pre-sale contracts have agreed otherwise. We notified our customers in writing in February 2020 of the potential delay in property delivery due to the COVID-19 outbreak. The contractual provisions in the pre-sale contracts for this property project provided that we shall be exempted from defaults if the delay in property deliveries are caused by situations beyond our control. As of the Latest Practicable Date, regarding the potential delay in property deliveries for this project, the Company has not received any damage claims from our customers or the local government who granted the relevant land use rights.

In addition, according to our PRC Legal Advisors, the delay in property deliveries for these two projects is a contractual issue that does not involve any non-compliance with the PRC laws and regulations, and thus will not lead to any potential administrative penalties or governmental investigations. Furthermore, our PRC Legal Advisors are of the view that, under the property sales contracts for Chengde Lantai House, the construction suspension imposed by the local government authorities due to the outbreak of COVID-19 exempted our defaults, if any, for the delay in property deliveries and the risk resulting in legal liabilities to pay our customers damages for such delay in property deliveries of this project is low. With respect to the part of Chengdu Tianfu Lantai (Xinlong) that we expect to encounter delay in property deliveries, our PRC Legal Advisors are of the view that, based on the above-mentioned official notice issued by Chengdu Novel Coronavirus Infection Pneumonia Epidemic Prevention and Control Command Center (成都新型冠狀病毒感染的肺炎疫情防控指揮部) on April 13, 2020 and the contractual provision on liability exemption in the pre-sale contracts for this property project, if this part of the project could be successfully delivered by November 30, 2020 without further delays, the risk resulting in legal liabilities to pay our customers damages for such delay in property deliveries of this project is low.

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As of the Latest Practicable Date, save as disclosed above we did not experience or expect to experience any material delay in delivery of properties, nor was there any action brought against us by our customers claiming compensation in this regard. Accordingly, we believe that the possibility that we will be subject to liabilities claimed by our customers on the ground of delays in delivery of properties caused by the COVID-19 pandemic is low.

Our pre-sales activities

We believe that our pre-sales activities were affected after we closed our onsite sales offices, except for some projects located in Xichang, since late January 2020 due to the PRC Government’s mandatory quarantine requirements. During the period when our sales offices remained closed, we marketed our properties through our staff and third-party marketing agents, as well as a top e-commerce platform in China. According to JLL, who examined the reopening schedule of our onsite sales offices and the sales records between February 29 to September 30, 2020 provided by us with respect to our property projects, (i) most of our onsite sales offices were re-opened in February and the rest in March 2020 and we have resumed normal property sales activities, including the pre-sale activities for the two projects in Hubei province; and (ii) the selling prices of our property projects were not significantly affected from February to September 2020.

According to China Index Academy, the contraction in macroeconomy and real estate market caused by the COVID-19 pandemic had slowed down in March 2020, showing a sign of recovery, and the market demand for housing, which was suppressed during the period of COVID-19 outbreak, will rebound during the second half of 2020. For the nine months ended September 30, 2020, we recorded contracted sales attributable to us of RMB15,082.2 million with respect to an aggregate GFA attributable to us of 1,835,790 sq.m., and the average selling price of approximately RMB8,216 per sq.m. For the nine months ended September 30, 2019, we recorded contracted sales attributable to us of RMB11,332.3 million with respect to an aggregate GFA attributable to us of 1,393,749 sq.m., and the average selling price of approximately RMB8,131 per sq.m. The increase in contracted sales from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 was in line with our business expansion and not materially affected by the COVID-19 outbreak.

Contracted sales information should not be treated as an indication of the our revenue or profitability. Contracted sales to be delivered is not identical to revenue to be recognized.

According to China Real Estate Index System’s Hundred Cities Price Index (百城價格指數), in July 2020, the average selling price for newly built commodity residential real estate properties in the 100 key cities in China was RMB15,528 per sq.m, with an increase of 0.43% from June 2020 and a year-on-year increase of 3.2% from July 2019. Despite the COVID-19 outbreak, the selling prices for commodity residential properties across China generally experienced a year-on-year increase, with the increasing trend of the selling price in first- and second-tier cities and major third-tier cities relatively less affected. With respect to the key cities where our property projects are located, the average selling price for commodity residential properties in most of them increased year-on-year in July 2020 with a slight decrease found in Meishan. Notably, in July 2020, the average selling price for

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commodity residential properties in Chengdu and Chengde increased by 12.3% and 18.2% year-on-year, respectively. Accordingly to China Index Academy, the Chinese government will continue to implement policies to maintain the selling price steady. As advised by China Index Academy, our Director believes that the selling price of our property projects are not expected to be significantly affected in 2020.

Although most of our onsite sales offices were briefly closed between January and March 2020 due to the PRC Government’s mandatory quarantine requirements, we did not experience any material difficulties in collecting payments from the mortgage banks or our customers since the outbreak of COVID-19. Our cash generated from operating activities amounted to RMB1,533.9 million for the five months ended May 31, 2020, compared to the cash used in operative activities of RMB208.9 million for the five months ended May 31, 2019. Typically we receive payments under our binding property sales contracts either from the mortgage banks or from our customers directly. The release of the proceeds from the mortgage banks is not conditioned on the construction progress of the relevant property projects to be delivered or materially affected by the COVID-19 outbreak. Our customers’ payment obligations, as specified in the binding and enforceable property sales contracts, are not conditioned on the construction progress of the relevant property projects to be delivered or materially affected by the COVID-19 outbreak either. Taking into account of the above, we believe that our ability to collect these payments and our liquidity position will not be materially affected by the COVID-19 outbreak in this regard.

To meet our sales target for 2020, we plan to increase our marketing activities, which would likely result in additional sales and marketing expenses.

Effects of the COVID-19 pandemic on our commercial property operations and hotel operations

Subsequent to the COVID-19 outbreak, we conducted a loss projection in anticipation of potential requests for waivers of rent payments by our tenants, thus to identify, and be prepared to mitigate, any possible risks. As of the Latest Practicable Date, for certain commercial property tenants who suffered significant losses due to the COVID-19 outbreak, our Group had waived (i) certain rents of February 2020, and (ii) certain rents of May 2020 for certain of our commercial property tenants in Changchun. However, we do not expect the waived rents to account for a significant portion of our revenue from commercial properties operations. Therefore, we believe the waivers would not materially affect our results of operations for 2020. Furthermore, the value of our investment properties slightly decreased in the five months ended May 31, 2020 primarily due to the COVID-19 pandemic’s adverse effects on the fair value of our investment properties. As of the Latest Practicable Date, there had been only one case of termination of lease, which only involved a commercial property with the GFA of 96.16 sq.m.

Our hotel operations business suffered losses from decreases in occupation rates in the five months ended May 31, 2020.

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Effects of the COVID-19 pandemic on our bank and other loan facilities

As of May 31, 2020, we had bank and other borrowings in the amount of RMB15,176.3 million. We closely monitor our compliance with the various covenants under such bank and other borrowings and do not foresee any difficulties in fulfilling the covenants thereunder.

Effects of the COVID-19 pandemic on our results of operations and financial positions

For the five months ended May 31, 2020, our revenue amounted to RMB3,027.8 million, as compared to RMB1,077.5 million for the five month ended May 31, 2019. Our cash and cash equivalents increased from RMB1,381.6 million as of December 31, 2019 to RMB3,411.4 million as of May 31, 2020. Given the foregoing, our Directors are of the view that the COVID-19 pandemic will not have material and adverse impact on our results of operations and financial positions for the year of 2020. Nonetheless, the estimate was based on the widely-accepted assumption that the COVID-19 outbreak had been effectively contained in the PRC, and the actual impact caused by the COVID-19 pandemic on our property development, commercial property operations and hotel operations and bank and other loan facilities will depend on its subsequent development. Thus, with the risks being remote, it remains a possibility that the impact of COVID-19 pandemic on our results of operations and financial position might eventually evolve to be beyond our estimation and control. See “Risk Factors—Risks Relating to Doing Business in China—Our business operations may be affected by the COVID-19 pandemic.”

Our contingency plan and response to the outbreak and spread of COVID-19

The national spread of the highly-infectious COVID-19 materially adversely affected the economic conditions of, and out-door as well as business activities in, certain cities where we have operations. In response to such situation, our Group formed an emergency team and took various measures: (i) our operation management and engineering departments conferred with our contractors to determine whether there may be any delay in construction schedules, and to reschedule certain of our projects under construction to ensure the eventual punctual completion of construction; (ii) our sales department, in cooperation with a top e-commerce platform in China, commenced online sale of properties; and (iii) our legal department promptly assessed the potential legal risks, especially those in relation to possible delays in construction or delivery of properties, and accordingly advised the relevant departments. Since the COVID-19 outbreak, we have regularly distributed masks to all employees in office buildings and other workplaces, taken the body temperature of employees before employees enter the workplace, tracked health status of all employees and focused on disinfection for areas filled with people. To the best of our Directors’ knowledge, as of the Latest Practicable Date, there had been no confirmed cases of COVID-19 infection of our Directors, senior management and staff. We have also taken measures to protect our prospective customers’ health and safety by offering online marketing channels, frequently disinfecting our business premises and maintaining online communication with prospective customers to check their health status, making appointments for visits to our offices and answering their questions on our property products.

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In the unlikely event that we are forced to reduce or suspend our business operations due to the COVID-19 pandemic, we estimate that we will remain financially viable for at least 12 months subsequent to September 30, 2020, taking into account (i) our balance of cash and cash equivalent as of September 30, 2020, (ii) cash inflow subsequent to September 30, 2020 still available to us under the circumstances, including bank and other borrowings available to us, the payments that we expected to receive under our property sales contracts as of September 30, 2020 and 10.0% of the [REDACTED] from the [REDACTED] that will be used for general business operations and working capital, and (iii) cash outflow subsequent to September 30, 2020, including monthly staff cost, principal and interest repayments for our outstanding bank and other borrowings as of September 30, 2020, land premiums for land grant contracts that we had already entered into with local governments as of September 30, 2020, consideration payments for equity acquisition under existing equity acquisition contracts entered into on or before September 30, 2020, cash payments for the construction costs that we were billed and expected to pay as of September 30, 2020 and cash payments for operating and administrative expenses subsequent to September 30, 2020 consisting of office expenses, [REDACTED], annual audit fees and consultancy fees to compliance advisers. We make the estimation that we are financially viable for a specific month if we have positive balance of cash and cash equivalent at the end of that month by adding cash inflow in that month to, and deducting actual or expected cash outflow in that month from, the balance of cash and cash equivalent at the beginning of that month. The above estimation is also based on the assumptions that (i) we will not enter into any new property sales contracts with customers and generate nil income from our property development and other businesses due to the suspension of business; (ii) our expansion plan is suspended under such condition; (iii) save as mentioned above, there will be no further internal or external financing from our Shareholders or financial institutions; (iv) no further dividend will be declared and paid by us or by our joint ventures or associates under such situation; (v) except the construction cost and operating and administrative expenses that were mentioned above, no additional construction costs or operating and administrative expenses will be incurred due to the reduction or suspension of business; and (vi) there will be no material changes in the near future that would significantly affect the afore-mentioned factors or assumptions.

As our contingency plan, under the circumstances that the adverse effects of COVID-19 pandemic should prolong, we intend to (i) use our working capital prudently according to our internal procedures, (ii) expand our business cautiously according to our financing capability, (iii) reorganize our resources to focus on selected property projects or geographic regions to generate quick cash inflow, (iv) continue to pursue sales growth by increasing advertising and marketing effort, particularly through new media and the Internet, and (v) actively seek financing on favorable terms through multiple channels, such as banks, trust companies and asset management companies.

Effects of the COVID-19 pandemic on our business strategies

It remains to be one of our business strategies to continue increasing our market share and expand into new markets. In particular, we will continue enhancing our market position in southwestern China, as well as increasing our investments into other regions, such as eastern China. Our industry consultant, the China Index Academy, is of the view

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that although the COVID-19 pandemic has caused a heavy blow on the PRC’s economy and real estate markets, under the circumstances that the COVID-19 had been effectively controlled in the PRC, market trend is expected to return to its normal state while the basic industry maintains normal growth and the return to positive growth in real estate investment will drive the recovery of fixed asset investment. Furthermore, market demand will stabilize with the potential of increase in the upcoming three to five years, resulting from the on-going urbanization process and the anticipated increase in market demand for home upgrading. See “Industry Overview—The PRC Real Estate Market—Overview.” We believe that our business expansion plan as discussed in “Business—Our Strategies” remains feasible, and it is unlikely that we would change, in response to the COVID-19 pandemic, our use of the [REDACTED] from the [REDACTED] as disclosed in “Future Plans and [REDACTED]” section in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

Ongoing Legal Proceedings

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property purchase agreements with our customers, our guarantee given in favor of mortgagee banks for the mortgage agreements entered into between our customers and mortgagee banks, and construction contracts with our construction contractors. During the Track Record Period, we were also involved in certain disputes with respect to our acquired project companies which the transferors of such companies failed to disclose to us during our due diligence process before completion of the acquisitions. See “Risk Factors—Risks Relating to Our Business—Future investments or acquisitions may have a material adverse effect on our ability to manage our business.” Our Directors confirm that these legal proceedings and disputes did not and will not have a material adverse effect on our financial condition or results of operation, except that as of the Latest Practicable Date, we were involved in the following material legal disputes.

Dispute with an Individual

In March 2017, we entered into an agreement to acquire the entire equity interests in Chengdu Jiaxue Real Estate Co., Ltd. (成都佳雪置業有限公司) (“**Chengdu Jiaxue**”) from Chengdu Jiantai Real Estate Co., Ltd. (成都建泰置業有限公司) (“**Chengdu Jiantai**”). During our due diligence process prior to the completion of the acquisition, Chengdu Jiantai failed to disclose that Chengdu Jiaxue had outstanding indebtedness which might give rise to disputes. After the completion of the acquisition, in March 2018, an individual, being an Independent Third Party, brought an action against Chengdu Jiaxue, claiming that Chengdu Jiaxue should repay a loan to her in a principal amount of RMB5.0 million, together with the accrued interests. The loan was allegedly extended to Chengdu Jiaxue in 2003. In July 2018, the court issued a judgment to uphold the claim. In April 2019, the court enforced the judgment and seized a land parcel of Chengdu Jiaxue. We in turn sought for an indemnity against Chengdu Jiantai due to its failure to disclose the dispute to us before completion of the acquisition of Chengdu Jiaxue. In December 2019, we entered into a supplemental agreement with Chengdu Jiantai. Pursuant to the agreement, we deposited

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RMB20.1 million with the court as a guarantee for the amount in dispute, and Chengdu Jiantai is obliged to repay the deposited amount to us within four months since the time of deposit. Upon receipt of our deposit, the court lifted the seizure order on the land parcel. In January 2020, the court ordered a retrial of the case. The retrial is now pending. We recorded RMB18.3 million, being the principal amount and accrued interests in dispute, as our accrued liabilities as of December 31, 2019. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Other payables, deposits received and accruals.” We do not consider the pending dispute with the individual will otherwise have a material adverse effect on our financial condition or results of operation, on the ground that the seizure order on the land parcel has been lifted.

Dispute with respect to the acquisition of the equity interests in Sichuan Changshoufang

In June 2017, Sichuan Kaixuan Real Estate Development Co., Ltd. (“**Sichuan Kaixuan**”), our subsidiary, acquired 70% equity interest in Sichuan Changshoufang Real Estate Development Co., Ltd. (四川長壽坊房地產開發有限責任公司) (“**Sichuan Changshoufang**”) from an Independent Third Party individual (the “**Vendor**”) and 10% from another Independent Third Party individual, respectively. In June 2017, Ren Chongxi (任崇喜) also acquired 20% equity interest in Sichuan Changshoufang from the Vendor (collectively, the “**2017 Transfer**”). Following the 2017 Transfer, Sichuan Changshoufang was owned as to 80% by Sichuan Kaixuan and 20% by Ren Chongxi, and became our subsidiary.

In October 2018, an ex-shareholder of Sichuan Changshoufang (the “**Plaintiff**”) filed a lawsuit against the Vendor, Sichuan Kaixuan, Sichuan Changshoufang and Ren Chongxi, alleging that the Vendor was not authorized to transfer her equity interests to Sichuan Kaixuan and Ren Chongxi, as the Vendor was holding 30% equity interests in Sichuan Changshoufang on behalf of her under an entrustment arrangement. As advised by our PRC Legal Advisors, based on the final judgment obtained in July 2020, Sichuan Kaixuan acted in good faith to acquire the equity interests from the Vendor in the 2017 Transfer without any knowledge about the entrustment arrangement between the the Plaintiff and the Vendor, and 80% equity interest held by Sichuan Kaixuan is legal and valid.

In August 2020, the Plaintiff brought an action against the Vendor, Sichuan Changshoufang and Ren Chongxi for a compensation for her economic loss in the amount of RMB45.0 million as a result of the 2017 Transfer. The Plaintiff claimed that Sichuan Changshoufang shall be jointly liable for the compensation because it allegedly assisted with the 2017 Transfer, with the knowledge that the Vendor held the relevant equity interests on behalf of the Plaintiff. As a result of the Plaintiff’s claim, the Second Intermediate Court of Chongqing seized certain units of Meishan Changshoufang, which are currently being developed by Sichuan Changshoufang. As a result, we are not able to register the pre-sales of these units with the local authorities. The GFA of the seized units accounted for a small portion in the aggregate GFA of the units available for pre-sale in Meishan Changshoufang. The pre-sale of the other units in Meishan Changshoufang is not affected by the seizure. Therefore, we do not consider that this dispute will have a material adverse effect on our business operations, financial condition and prospects. The trial was pending as of the Latest Practicable Date.

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Given that the 2017 Transfer was approved by the then shareholders of Sichuan Changshoufang, and Sichuan Changshoufang was merely instructed by its then shareholders to complete the administrative procedures in accordance with its then articles of associations, we are of the view that Sichuan Changshoufang shall not be liable for the 2017 Transfer. We are currently in the process of responding to the claim, and do not expect that our economic loss, if any, as a result of this dispute would be significant.

Compliance with Laws and Regulations

During the Track Record Period and up to the Latest Practicable Date, except as disclosed in this document, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all licenses, permits and certificates for the purpose of operating our business.

Qualifications

As advised by our PRC Legal Advisors as of the Latest Practicable Date, our PRC subsidiaries had obtained all material requisite licenses, permits, certificates or approvals for their daily business operations in the PRC except for the Provisional Qualification Certificate for Real Property Development Enterprise for Xichang Haicheng Tourism Development Co., Ltd., which is in the progress of renewal application. The table below sets forth the details of such real property development qualifications as of May 31, 2020:

PRC subsidiary	Qualifications	Classification	Status
Leading Group Co., Ltd. (領地集團有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	First-class Qualification	In effect, expiring on December 27, 2020 ⁽¹⁾
Sichuan Changshoufang Real Estate Development Co., Ltd. (四川長壽坊房地產開發有限責任公司).	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on February 19, 2022
Xichang Lingchuang Real Estate Development Co., Ltd. (西昌領創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 3, 2023
Xinjin Jingyang Investment Co., Ltd. (新津菁陽投資有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 30, 2023

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PRC subsidiary	Qualifications	Classification	Status
Chengdu Lingpao Real Estate Development Co., Ltd. (成都領跑房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 22, 2021
Chengdu Yuehang Real Estate Development Co., Ltd. (成都悅航房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on June 20, 2021
Chengdu Xinlong Real Estate Co., Ltd. (成都新隆置業有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 27, 2023
Leshan Lingyue Property Development Company, Ltd. (樂山領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	October 13, 2023
Leshan Huahuida Real Estate Development Co., Ltd. (樂山華匯達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on January 22, 2021
Leshan Huarui Real Estate Development Co., Ltd. (樂山華瑞房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on January 22, 2021
Renshou Lingchuang Property Development Co., Ltd. (仁壽領創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on June 13, 2021
Meishan Weichuang Real Estate Development Co., Ltd. (眉山唯創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on March 28, 2021

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PRC subsidiary	Qualifications	Classification	Status
Ya'an Fanya Real Estate Development Co., Ltd. (雅安泛亞房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on June 13, 2021
Ya'an Yuandi Real Estate Development Co., Ltd. (雅安源地房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 8, 2023
Ya'an Weichuang Real Estate Development Co., Ltd. (雅安唯創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on November 7, 2021
Ya'an Lingyue Real Estate Development Co., Ltd. (雅安領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on April 28, 2023
Mianyang Sanhe Industrial Co., Ltd. (綿陽市三和實業有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on January 22, 2021
Mianyang Jiaruicheng Real Estate Development Co., Ltd. (綿陽嘉瑞誠房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 18, 2021
Nanchong Lingchuang Real Estate Development Co., Ltd. (南充領創房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third-class Qualification	In effect, expiring on March 13, 2022
Xichang Haicheng Tourism Development Co., Ltd. (西昌市海誠旅遊開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	Expired on October 30, 2020 ⁽²⁾
Panzhihua Lingyue Real Estate Development Co., Ltd. (攀枝花領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 11, 2021

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PRC subsidiary	Qualifications	Classification	Status
Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd. (新疆兆龍誠祥房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Fourth-class Qualification	In effect, expiring on November 10, 2021
Xinjiang Leading Real Estate Development Co., Ltd. (新疆領地房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Fourth-class Qualification	In effect, expiring on November 24, 2021
Korla Lingchuang Real Estate Development Co., Ltd. (庫爾勒領創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on March 27, 2021
Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third-class Qualification	In effect, expiring on December 11, 2021
Shangqiu Chuanda Real Estate Development Co., Ltd. (商丘川達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 15, 2022
Huizhou Leading Real Estate Development Co., Ltd. (惠州領地房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on December 31, 2020
Shanwei Leading Property Development Co., Ltd. (汕尾市領地房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 17, 2021
Chengdu Leading Fantai Real Estate Development Co., Ltd. (成都領地泛太房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third-class Qualification	In effect, expiring on February 7, 2021
Pixian Shengda Real Estate Development Co., Ltd. (郫縣升達置業有限責任公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 18, 2022

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PRC subsidiary	Qualifications	Classification	Status
Leshan Leading Real Estate Development Co., Ltd. (樂山領地房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Second-class Qualification	In effect, expiring on June 13, 2021
Guangdong Leading Real Estate Development Co., Ltd. (廣東領地房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Fourth-class Qualification	In effect, expiring on May 27, 2021
Chengdu Jiaxue Real Estate Co., Ltd. (成都佳雪置業有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 22, 2022
Chengde Shuangluan District Haijian Real Estate Development Co., Ltd. (承德市雙灤區海建房地產開發有限公司).	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Fourth-class Qualification	In effect, expiring on September 29, 2021
Jingzhou Leading Real Estate Development Co., Ltd. (荊州領創房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on April 25, 2021
Meishan Leading Real Estate Development Co., Ltd. (眉山領地房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Second-class Qualification	In effect, expiring on December 25, 2022
Sichuan Kaixuan Real Estate Development Co., Ltd. (四川凱旋房地產開發有限公司)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third-class Qualification	In effect, expiring on October 31, 2021
Meishan Huarui Hongda Real Estate Co., Ltd. (眉山華瑞宏大置業有限公司).	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on March 20, 2022
Zhumadian Weisheng Real Estate Development Co., Ltd. (駐馬店偉昇房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on August 14, 2021

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PRC subsidiary	Qualifications	Classification	Status
Zhumadian Shengshi Weiguang Real Estate Development Co., Ltd. (駐馬店盛世偉光房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on August 14, 2021
Zhumadian Huangjiayizhan Cultural Tourism Development Co., Ltd. (駐馬店皇家驛站文化旅遊開發有限公司).	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on August 14, 2021
Zhumadian Shengshi Huitong Real Estate Development Co., Ltd. (駐馬店盛世匯通房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on August 10, 2021
Chengde Junyue Real Estate Development Co., Ltd. (承德市君越房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Fourth-class Qualification	In effect, expiring on November 26, 2021
Chengde Chuanda Real Estate Development Co., Ltd. (承德川達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on September 15, 2022
Guizhou Chuanda Real Estate Development Co., Ltd. (貴州川達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 11, 2021
Jingzhou Lingyue Real Estate Development Co., Ltd. (荊州領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 10, 2021
Meishan Chuanruida Real Estate Development Co., Ltd. (眉山川瑞達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 9, 2022

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PRC subsidiary	Qualifications	Classification	Status
Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (綿陽鴻遠領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on August 14, 2022
Nanchong Lingyue Real Estate Development Co., Ltd. (南充領悅房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 31, 2022
Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒量房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 14, 2022
Xinjiang Minbai Real Estate Development Co., Ltd. (新疆民佰房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on June 19, 2021
Ya'an Xinlingyu Real Estate Development Co., Ltd. (雅安新領域房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on September 4, 2022
Zhengzhou Fanda Real Estate Development Co., Ltd. (鄭州泛達房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on September 30, 2021
Chongqing Fantai Real Estate Development Co., Ltd. (重慶泛太房地產開發有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 20, 2021
Mianyang Jintai Industrial Co., Ltd. (綿陽金泰實業有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 9, 2022

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PRC subsidiary	Qualifications	Classification	Status
Miayang Yuhang Digital Technology Co., Ltd. (綿陽市宇航數碼科技 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on September 27, 2022
Muchuan Haina Real Estate Development Co., Ltd. (沐川海納房地產開發 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 29, 2021
Ya'an Jinhong Real Estate Development Co., Ltd. (雅安金宏房地產開發 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on October 9, 2022
Meishan Duneng Real Estate Development Co., Ltd. (眉山都能房地產開發 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 27, 2023
Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Third-class Qualification	In effect, expiring on October 15, 2022
Renshou Shengyu Real Estate Development Co., Ltd. (仁壽聖域房地產開發 有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on May 27, 2023
Kaili Kailong Real Estate Co., Ltd. (凱里凱龍置業有限公司)	Provisional Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Temporary-class Qualification	In effect, expiring on July 17, 2021

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Notes:

- (1) The original expiration date of this qualification certificate was February 4, 2020. However, according to the Notice of the Real Estate Market Supervision Department of the MOHURD on the Related Matters such as Extension of the Validity Period of the First-Class Qualification of Real Estate Development Enterprises (住房和城鄉建設部房地產市場監管司關於房地產開發企業一級資質有效期延期等有關事項的通知), promulgated on July 22, 2020, if the first-class qualification certificate of a real estate development company expires between November 1, 2019 and September 29, 2020, it will be automatically extended to September 30, 2020, and the qualification certificate does not need to be renewed. On September 16, 2020, the Real Estate Market Supervision Department of the MOHURD (住房和城鄉建設部房地產市場監管司) issued a notice to certify that it was processing our application for the renewal of the qualification certificate, and the original certificate would remain valid within 60 days after the issuance of this notice, which is November 14, 2020. On November 13, 2020, the Real Estate Market Supervision Department of the MOHURD (住房和城鄉建設部房地產市場監管司) issued a notice to certify that it was processing our application for the renewal of the qualification certificate, and the original certificate would remain valid for 45 days after the issuance of this notice until December 27, 2020.
- (2) We have applied for renewal of this qualification, and expect to receive the renewed qualification in December 2020. Accordingly, our PRC Legal Advisors are of the view that the risk that we cannot renew this qualification is low and our business is unlikely to be materially adversely affected.

We intend to renew the qualifications upon expiration. We are in the process of applying for renewal of certain qualifications which will expire soon. Our PRC Legal Advisors are of the view that, there is no material legal impediment to obtain the abovementioned renewed qualifications so long as the application documents were submitted to the relevant authorities in accordance with Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) and other relevant laws and regulations.

If we fail to maintain our licenses, certificates, permits or governmental approvals, 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 approvals for our property development projects.”

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Non-compliance Incidents

During the Track Record Period, we had the following non-compliance incidents. Summary of such incidents and our internal control measures to ensure on-going compliance is set forth below.

No.	Non-compliance Incident(s)	Reasons	Legal Consequences and Impacts	Rectification Measures
1.	Commencement of construction works prior to obtaining the requisite work permit/approval and failure to strictly comply with the permit/approval <i>Commencement of construction works prior to obtaining construction work planning permits and failure to strictly comply with certain requirements of construction work planning permits</i> During the Track Record Period and up to the Latest Practicable Date, (i) five of our project companies were fined for commencing construction works before obtaining construction work planning permits, and the total fines for the above incidents amounted to approximately RMB0.5 million; and (ii) five of our project companies were fined for failure to strictly comply with certain requirements of their construction work planning permits due to a shortfall in the number of car parks that we were expected to develop and a deviation of the actual construction of the windows, balconies and ceilings from the plans as set forth in the relevant construction work planning permit, respectively and the total fines for the above incidents amounted to approximately RMB1.5 million.	Such non-compliance incidents occurred primarily because: (i) the employees of our relevant project companies did not follow the applicable regulations and/or requirements on the commencement of construction, in particular, certain of our new employees at project companies failed to fully understand and/or correctly interpret the implementation rules of relevant regulatory requirements, due to the different interpretations and implementation periods by different local regulatory authorities; and (ii) our local project managers did not maintain sufficient and timely communication with the construction companies which we engaged for the relevant projects, and that the construction companies failed to adhere to the relevant requirements.	We have received confirmation letters issued by the relevant regulatory authorities confirming that these non-compliance incidents are immaterial. As advised by our PRC Legal Advisors, such relevant regulatory authorities are of appropriate authority and are competent to issue the above confirmations. The project company related to each of these non-compliance incidents may be subject to a maximum fine of 10% of the total project construction costs for each incident under the applicable laws and regulations. However, as we have fully settled the penalties and having considered the confirmation letters issued by the relevant regulatory authorities, our PRC Legal Advisors are of the view that the risks that we will be subject to further administrative penalties (including order to cease construction) for these non-compliance incidents are remote. Our Directors are of the view that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.	All of the penalty payments were settled as of the Latest Practicable Date. For the four project companies which commenced construction before obtaining the permits, we have subsequently obtained construction work planning permits. We have implemented guidelines relating to commencement of construction works. Such guidelines require our project companies to understand the local laws and regulations with respect to property development and commence construction works only after obtaining all the requisite permits and approvals. The guidelines have clearly set out the roles and responsibilities of the relevant departments for obtaining the relevant permits and approvals. We offer mandatory training sessions to our employees for compliance matters with respect to commencement of construction works. The guidelines require our project companies to review local laws and regulations periodically for regulatory updates. The guidelines also require our project companies to review the permits and approvals we have received from time to time so as to ensure we have all the requisite permits and approvals for our construction works. The relevant employees are required to consult our legal department when necessary. Our headquarters oversees the compliance matters of our project companies.

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No.	Non-compliance Incident(s)	Reasons	Legal Consequences and Impacts	Rectification Measures
	<i>Commencement of construction works prior to obtaining construction work commencement permits</i>			
	During the Track Record Period and up to the Latest Practicable Date, 15 of our project companies were fined for commencing construction works before obtaining construction work commencement permits. The total fines for the above incidents amounted to approximately RMB4.7 million.	Such non-compliance incidents occurred primarily because: (i) the employees of our relevant project companies did not follow the applicable regulations and/or requirements on the commencement of construction, in particular, certain of our new employees at project companies failed to fully understand and/or correctly interpret the implementation rules of relevant regulatory requirements, due to the different interpretations and implementation periods by different local regulatory authorities; and (ii) our local project managers did not maintain sufficient and timely communication with the construction companies which we engaged for the relevant projects, and that the construction companies failed to adhere to the relevant requirements.	We have received confirmation letters issued by or conducted interviews with the relevant regulatory authorities confirming that these non-compliance incidents are immaterial. As advised by our PRC Legal Advisors, such relevant regulatory authorities are of appropriate authority and are competent to issue the above confirmations or conduct the above interviews. The project company related to each of these non-compliance incidents may be subject to a maximum fine of 2% of the total project construction costs for each incident under the applicable laws and regulations. However, as we have fully settled the penalties and having considered the confirmation letters issued by and interviews conducted with the relevant regulatory authorities, our PRC Legal Advisors are of the view that the risks that we will be subject to further administrative penalties (including order to cease construction) for these non-compliance incidents are remote. Our Directors are of the view that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.	All of the penalty payments were settled as of the Latest Practicable Date. All of these project companies had subsequently obtained the relevant construction work commencement permits. We have implemented guidelines relating to commencement of construction works. Such guidelines require our project companies to understand the local laws and regulations with respect to property development and commence construction works only after obtaining all the requisite permits and approvals. The guidelines have clearly set out the roles and responsibilities of the relevant departments for obtaining the relevant permits and approvals. We offer mandatory training sessions to our employees for compliance matters with respect to commencement of construction works. The guidelines require our employees to review local laws and regulations periodically for regulatory updates. The guidelines also require our employees to review the permits and approvals we have received from time to time so as to ensure we have all the requisite permits and approvals for our construction works. The relevant employees are required to consult our legal department when necessary. Our headquarters oversees the compliance matters of our project companies.

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No.	Non-compliance Incident(s)	Reasons	Legal Consequences and Impacts	Rectification Measures
2.	Inappropriate Advertising During the Track Record Period and up to the Latest Practicable Date, four of our project companies were fined for publishing certain property advertisements that did not comply with the relevant requirements of the PRC Advertising Law. The total fines for the above incidents amounted to approximately RMB0.6 million.	Such non-compliance incidents occurred primarily because our relevant personnel did not fully understand the requirements of the relevant PRC laws and regulations.	We have received confirmation letters issued by the relevant regulatory authorities for three of the relevant project companies, confirming that the relevant non-compliance incidents are immaterial. As advised by our PRC Legal Advisors, such relevant regulatory authorities are of appropriate authority and are competent to issue the above confirmations. Regarding the non-compliance incidents that our project companies were involved, the maximum fine for one incident is RMB1 million or five times the advertising fees under the applicable laws and regulations. However, as we have fully settled the penalties and having considered the confirmation letters issued by the relevant regulatory authorities, our PRC Legal Advisors are of the view that these two non-compliance incidents are not material, and that the risks that we will be subject to further administrative penalties for these non-compliance incidents are remote. For the remaining project company which was involved in the non-compliance incident, although we had not obtained confirmation from relevant regulatory authority affirming the immateriality of such incident, our PRC Legal Advisors are of the view that such non-compliance incident is not material given that (i) the monetary penalty imposed on our relevant subsidiary was RMB200,000, which was the minimum penalty amount under the applicable section of the law; and (ii) we were not penalized for material non-compliance of the advertising laws, such as revocation of the business licenses as required by law. Our Directors are of the view that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.	As of the Latest Practicable Date, the relevant project companies had settled all of the penalty payments, and had ceased to publish such inappropriate property advertisements. We have implemented guidelines relating to advertising activities. Such guidelines require our project companies to understand the local laws and regulations with respect to pre-sales and marketing before they commence advertising activities. The guidelines have clearly set out the roles and responsibilities of the relevant departments to ensure legal compliance throughout our marketing process. Our project companies submit advertising plans to our headquarters for approval. We have designated personnel to monitor the compliance of the advertising activities carried out by our project companies. We offer mandatory training sessions to our employees for compliance matters with respect to advertising activities. The guidelines require us to review local laws and regulations periodically for regulatory updates. Our headquarters oversees the compliance matters of our project companies.

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No.	Non-compliance Incident(s)	Reasons	Legal Consequences and Impacts	Rectification Measures
3.	Failure to make adequate social security insurance and housing provident fund contributions During Track Record Period, certain of our subsidiaries failed to make adequate social security insurance and housing provident fund contributions for some employees as required by the relevant PRC laws and regulations. We estimate that the total outstanding amount of social security insurance and housing provident fund contributions for the Track Record Period that we may be required to pay is approximately RMB41.1 million.	Such non-compliance incidents occurred primarily due to (i) the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of correct understanding by certain administrative personnel handling the social security insurance and housing provident fund contributions at the project companies of the relevant PRC laws and regulations, and (ii) in some cases, certain employees voluntarily made the decision not to make such contributions in lieu of receiving cash payments.	In respect of the social security insurance, according to the relevant PRC laws and regulations, we may be ordered to pay social security insurance overdue and be subject to an overdue penalty at a daily interest rate of 0.05% on any delinquent payment. If we fail to do so within a given period as required by the local social security insurance authorities, we may be subject to a penalty of up to three times of the amount in delinquency. In respect of the housing provident fund contributions, according to the relevant PRC laws and regulations, the relevant governmental authority may require us to make the unsubscribed contributions within a given period and, if we fail to do so, may apply to a PRC court for an order to enforce the payment. As of the Latest Practicable Date, we had received such order or requirement from the relevant governmental authority.	We made additional provision for social security insurance and housing provident fund contributions in relation to certain subsidiaries' failure to make adequate social security insurance and housing provident fund contributions in the amount of RMB5.7 million, RMB8.1 million, RMB16.4 million and RMB1.3 million for the three years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020. As of the Latest Practicable Date, we had commenced to rectify these non-compliance incidents. We have implemented guidelines relating to making contributions to social security insurance and housing provident funds. Such guidelines require us to maintain detailed records of the contracts with our employees and their remunerations. Our human resource administration department is directly responsible for reviewing our employee payroll to ensure the social insurance security and housing provident fund contributions have been fully made in accordance with the applicable laws and regulations. We offer mandatory training sessions to our employees for compliance matters with respect to social security insurance and housing provident fund contributions. Our headquarters oversees the compliance matters of our project companies.

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4. Pre-sale Proceeds Incidents

Overview

During the Track Record Period, we had the following incidents relating to pre-sale proceeds (the “**Pre-sale Proceeds Incidents**”): (i) some of our project companies did not fully or directly deposit the required amount of the pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements for certain property projects; and (ii) for certain property projects, the pre-sale proceeds that some of our project companies were approved to withdraw from the designated escrow accounts were different from the amounts permitted to be withdrawn under the relevant PRC laws and regulations, which caused the failure to maintain sufficient balance above the minimal balance required to be maintained in the designated escrow accounts. Normally, as a part of our internal procedure, the general manager at each project company reviews and approves the withdrawal of the pre-sale proceeds. During the Track Record Period and up to the Latest Practicable Date, we withdrew the amount of pre-sale proceeds from the designated escrow accounts as approved by the relevant local regulatory authorities.

As of December 31, 2017, 2018 and 2019 and May 31, 2020, we were able to maintain the minimum balance that we were required to maintain by the applicable laws and regulations, although a portion of such balance was deposited in our general banking accounts rather than designated escrow accounts.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we used the pre-sale proceeds from each project for purposes in compliance with the applicable laws and regulations, mainly including to settle construction costs and the related costs for such project. As the usage of funds in our general banking accounts, comprising a portion of the pre-sale proceeds, is not restricted, we also use such funds to repay borrowings, to make advance to, and to repay the advances from, certain non-controlling shareholders of our project companies and for other general corporate purposes. During the Track Record Period, certain of our project companies made advances to their respective non-controlling shareholders and certain non-controlling shareholders also made advances to support the project companies’ business operation. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Prepayments, deposits and other receivables” and “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Other payables, deposits received and accruals.” We made such advances to, or repaid such advances from, the non-controlling shareholders only when (i) we had sufficient cash in our bank accounts so that we were able to maintain the minimum balance that we were required to maintain by the applicable laws and regulations in order to cover the construction costs to complete the relevant property projects; (ii) the pre-sale proceeds used for making such advances are (a) those not deposited into the designated escrow accounts and (b) general funds in escrow in nature; and (iii) the local regulations of the region where such advances were made do not restrict the use of general funds in escrow. As advised by our PRC Legal Advisors, this practice is in compliance with

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applicable laws and regulations relating to pre-sale proceeds. Such advances to non-controlling shareholders were repayable on demand, and we were entitled to request the non-controlling shareholders to repay such advances in case we would be in need of cash to complete construction of the relevant projects. Such advances from non-controlling shareholders generally will not be settled unless we have sufficient cash in our bank accounts to complete construction of the relevant projects, as it is also in the non-controlling shareholders’ interests to make sure that the project company can complete the relevant property projects. Therefore, we were able to meet our cash needs to complete construction of our projects during the Track Record Period, and did not request any of our non-controlling shareholders to repay advances we made to them as a result of needs for cash to complete construction of projects or was requested by any of our non-controlling shareholders to repay advances from them which delayed the construction progress of our property projects.

The pre-sale proceeds deposited in the escrow accounts constitute a part of our restricted cash. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Cash and Cash Equivalents, Restricted Cash and Pledged Deposits.”

Failure to Fully or Directly Deposit the Required Amounts into Designated Escrow Accounts

The table below sets forth the accumulated pre-sale proceeds received, accumulated amount required to be deposited into the designated escrow accounts, accumulated amount actually deposited into the designated escrow accounts and accumulated amount not deposited into the designated escrow accounts as of December 31, 2017, 2018 and 2019 and May 31, 2020 for the Pre-sale Proceeds Incidents that we encountered:

	As of December 31,			As of
	2017	2018	2019	May 31, 2020
	RMB’000			
Accumulated pre-sale proceeds received	2,239,234	9,416,043	18,895,877	21,224,830
Accumulated amount required to be deposited into the designated escrow accounts	2,239,234	9,416,043	18,895,877	21,224,830
Accumulated amount actually deposited into the designated escrow accounts ⁽¹⁾	724,048	3,739,845	11,097,037	14,556,269
Accumulated amount not deposited into the designated escrow accounts	1,515,186	5,676,198	7,798,840	6,668,561

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Note:

- (1) The accumulated amount actually deposited into escrow accounts includes the amount indirectly deposited in the designated escrow accounts. See “—Failure to Fully or Directly Deposit the Required Amounts into Designated Escrow Accounts.”

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, we had four, 21, 27 and 33 project companies, respectively, for four, 22, 28 and 33 property projects, respectively, which did not fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements.

As of the December 31, 2017, 2018 and 2019 and May 31, 2020, the accumulated amounts of the pre-sale proceeds which we indirectly deposited into the designated escrow accounts amounted to RMB263.7 million, RMB1,325.4 million, RMB4,367.5 million and RMB5,581.3 million, respectively, representing 36.4%, 35.4%, 39.4% and 38.3% of the accumulated amounts of pre-sale proceeds which we actually deposited into the designated escrow accounts as of the same dates. As of the December 31, 2017, 2018 and 2019 and May 31, 2020, the accumulated amounts of the pre-sale proceeds which we had not deposited into escrow accounts amounted to RMB1,515.2 million, RMB5,676.2 million, RMB7,798.8 million and RMB6,668.6 million, respectively.

Such failure to fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements was mainly due to the following reasons:

- (a) certain mortgage banks did not directly deposit mortgage loans into our designated escrow accounts opened with other banks for relevant pre-sold properties due to the internal policies reasons of such mortgage banks and deposited such mortgage loans into our general banking accounts with such mortgage banks. Pursuant to applicable local regulations and procedures, for each project or in some cities, each pre-sale permit, a project company may only open one designated escrow account with one bank, but may maintain general banking accounts in different banks for the convenience of business transactions. According to China Index Academy, in the cities where our projects are located, a mortgage bank typically prefers depositing loan proceeds to the project company’s general banking account opened with itself, rather than depositing the mortgage loan proceeds to the project company’s designated escrow account opened with another bank. During the Track Record Period, all mortgage banks we worked with were licensed PRC commercial banks. We understand such mortgage banks generally applied their internal guidance to all enterprises, including other property developers, which maintained general banking accounts in such mortgage banks. Based on the foregoing, we believe such restriction is common among mortgage banks in China.

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- (b) during the Track Record Period, certain project companies did not deposit the pre-sale proceeds received into the designated escrow accounts since the relevant pre-sales contracts were not registered in time due to local governments’ limit on the number of pre-sales contracts registerable during a given period. The limit on the number of pre-sale contracts registerable is typically a guidance policy adopted by certain local government authorities during a given period of time to keep the property price relatively steady and discourage speculations by controlling the transaction volume within a short period of time, in order to promote the healthy development of the local real estate markets, and as advised by our PRC Legal Advisors, there is no specific requirement in relation to the limit on the number of pre-sale contracts registerable under the relevant PRC laws and regulations. According to the relevant judicial interpretation issued by the Supreme People’s Court, failure to complete the filing and registration procedures for a pre-sale contract will not affect the validity of such pre-sale contract. Therefore, our PRC Legal Advisors are of the view that the delay to complete the filing and registration procedures for a pre-sale contract will not affect the validity of such pre-sale contract or the rights and obligations of the parties under such pre-sale contract. Based on the foregoing, our PRC Legal Advisors are of the view that our entering into pre-sale contracts exceeding the limit set by relevant local governmental authorities was in full compliance with the relevant laws and regulations.
- (c) we failed to provide adequate training to our employees to enable them to fully understand the relevant PRC local requirements and to execute our then established internal control policies to properly supervise the depositing of the pre-sale proceeds, and as a result, we failed to fully transfer into the designated escrow accounts the pre-sale proceeds deposited into our general banking accounts. For example, as construction progress with respect to certain pre-sold properties had already fulfilled conditions for withdrawals from the designated escrow accounts, certain employees failed to transfer the pre-sale proceeds received from such pre-sold properties into the designated escrow accounts.

Our failure to directly deposit the pre-sale proceeds into the designated escrow account was primarily due to reasons (a) and (b) set forth above, and the respective accumulated amount of pre-sale proceeds involved was RMB263.7 million, RMB1,325.4 million, RMB4,367.5 million and RMB5,581.3 million, as of the December 31, 2017, 2018 and 2019 and May 31, 2020, respectively.

Our failure to fully deposit the pre-sale proceeds into the designated escrow account was primarily due to reason (c) set forth above, and the respective accumulated amount of pre-sale proceeds involved was RMB1,515.2 million, RMB5,676.2 million, RMB7,798.8 million and RMB6,668.6 million, as of the December 31, 2017, 2018 and 2019 and May 31, 2020, respectively.

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See “—Internal Control Measures and Opinions of Our PRC Legal Advisors” for the details on our enhanced internal control measures established to tackle the issues relating to directly and fully depositing the pre-sale proceeds in the designated escrow accounts.

During the Track Record Period and up to the Latest Practicable Date, some of our loan agreements with certain financial institutions required us to deposit pre-sale proceeds into certain bank accounts designated by such financial institutions. These financial institutions confirmed that, had we fully complied with all the regulatory requirements in relation to the pre-sale proceeds, we would not be subject to any liabilities for breach of such restrictive covenants under the loan agreements by not depositing the pre-sale proceeds into such bank accounts designated by such financial institutions, which was further confirmed by our PRC Legal Advisors based on the confirmations from these financial institutions. Except for the abovementioned restrictive covenants, there were no other restrictive covenants in our loan agreements which would prevent our compliance with the regulatory requirements in relation to the pre-sale proceeds, including the requirements to directly deposit pre-sale proceeds into the designated escrow accounts rather than the mortgage bank accounts we maintained with the relevant lenders.

Failure to Maintain Sufficient Balance in the Designated Escrow Accounts

The table below sets forth the accumulated amount permitted to be withdrawn, accumulated amount actually withdrawn, the minimal balance required to be maintained in the designated escrow accounts and deficits of the designated escrow accounts as of December 31, 2017, 2018 and 2019 and May 31, 2020 for the Pre-sale Proceeds Incidents that we encountered:

	As of December 31,			As of May 31, 2020
	2017	2018	2019	
	RMB'000			
Accumulated amount permitted to be withdrawn ⁽¹⁾	99,031	2,498,724	9,197,892	13,101,236
Projects with deficits of the designated escrow accounts ⁽³⁾	99,031	2,239,350	6,754,972	5,574,131
Projects without deficits of the designated escrow accounts ⁽³⁾	—	259,374	2,442,920	7,527,105
Accumulated amount actually withdrawn ⁽²⁾	649,248	3,364,474	10,155,147	12,948,727
Projects with deficits of the designated escrow accounts ⁽³⁾	649,248	3,193,781	7,897,515	6,036,056
Projects without deficits of the designated escrow accounts ⁽³⁾	—	170,693	2,257,632	6,912,671
Minimal balance required to be maintained in the designated escrow accounts ⁽⁴⁾	625,017	1,241,121	1,899,144	1,455,033
Deficits of the designated escrow accounts ⁽³⁾	550,217	954,431	1,142,543	461,925

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Notes:

- (1) Accumulated amount permitted to be withdrawn is calculated based on the accumulated amount actually deposited into the designated escrow accounts as of the end of each year or period minus the minimum balance required to be maintained in the designated escrow accounts by laws and regulations as of the end of each year or period.
- (2) Accumulated amount actually withdrawn is calculated based on the accumulated amount actually deposited into the designated escrow accounts as of the end of each year or period minus the actual balance of the designated escrow accounts as of the end of each year or period.
- (3) Deficit of the designated escrow accounts is calculated based on the accumulated amount permitted to be withdrawn from the designated escrow accounts as of the end of each year or period minus the accumulated amount actually withdrawn from the designated escrow accounts as of the end of each year or period. For a specific project, the deficits of the designated escrow accounts is recorded if the accumulated amount actually withdrawn from the designated escrow account exceeded the accumulated amount permitted to be withdrawn from the designated escrow accounts as of the end of the year or period. For projects that do not have deficits, their excessive amounts of the actual balance of the designated escrow accounts over the minimum balance required to be maintained in the designated escrow accounts have been adjusted to nil when calculating the aggregate deficit of the designated escrow accounts of our Group as the excessive amount in the escrow accounts for one project is not allowed to be used to offset the deficits of the designated escrow accounts for other property projects.
- (4) Minimal balance required to be maintained in the designated escrow accounts as set forth here is the aggregate amount of the minimal balance for those projects with deficits of the designated escrow accounts, which were RMB625.0 million, RMB1,181.1 million, RMB1,685.1 million and RMB964.5 million, respectively, and the minimal balance for those projects without deficits of the designated escrow accounts, which were nil, RMB60.0 million, RMB214.1 million and RMB490.5 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020.

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, with respect to five, 15, 24 and 16 project companies, respectively, and five, 15, 24 and 16 property projects, respectively, we failed to maintain sufficient balance above the minimal balance required to be maintained in the designated escrow accounts, which resulted in deficits in the designated escrow accounts, because the amounts we withdrew as approved by the relevant local regulatory authorities were different from the amounts permitted to be withdrawn under the relevant PRC laws and regulations. The deficits of the designated escrow accounts were RMB550.2 million, RMB954.4 million, RMB1,142.5 million, and RMB461.9 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020, primarily due to the pre-sale proceeds we were approved to withdraw from the designated escrow accounts exceeding the amounts permitted to be withdrawn under the relevant PRC laws and regulations. On our own initiative, we have been rectifying the deficit of each property project’s designated escrow accounts by having the pre-sale proceeds transferred into respective designated escrow accounts, and reduced the aggregate deficit from approximately RMB1,142.5 million as of December 31, 2019 to RMB461.9 million as of May 31, 2020, representing a decrease of 59.6%. As of June 30, 2020, the deficit had been reduced to nil for all of our property projects.

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Had we fully complied with the relevant laws and regulations on pre-sale proceeds during the Track Record Period, we believe that we would still have sufficient working capital as we had various financing options, such as loans from commercial banks and other borrowings from other financial institutions for working capital purposes. As of December 31, 2017, 2018 and 2019 and May 31, 2020, we had an aggregate cash and cash equivalent plus unutilized credit facilities granted by banks and other financial institutions in the amount of RMB901.5 million, RMB1,199.8 million, RMB2,775.7 million and RMB5,483.4 million, respectively, which would be sufficient to cover the deficits of the escrow accounts in the amount of RMB550.2 million, RMB954.4 million, RMB1,142.5 million and RMB461.9 million, respectively. Our aggregate cash and cash equivalent plus unutilized credit facilities and credit facilities that would be available to us if we had chosen to enter into additional credit facility agreements based on our strategic cooperation agreements with financial institutions would be sufficient to cover the deficits of the designated escrow accounts and shortfall due to insufficient deposit into the designated escrow accounts as of the end of each quarter during the Track Record Period.

Rectification Measures and Confirmation from the Relevant Regulator

During the Track Record Period and up to the Latest Practicable Date, one of our project companies was fined in the amount of RMB30,000 for failure to deposit certain pre-sale proceeds into the relevant designated escrow account with respect to Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城). We have received a confirmation letter issued by the relevant regulatory authority confirming that we had completed the rectifications and this non-compliance incident is immaterial. As advised by our PRC Legal Advisors, such relevant regulatory authority, as the authority that issued the relevant decision of administrative penalty, is competent to issue the above confirmation.

In addition, we have obtained the confirmations from or conducted interviews with the competent local governmental authorities, which confirmed that the Pre-sale Proceeds Incidents are immaterial non-compliance incidents, and save as the penalty disclosed above, no penalty had been imposed on us in relation to the Pre-sale Proceeds Incidents; neither is there any on-going investigation on our PRC subsidiaries in this respect. For the Pre-sale Proceeds Incidents, we obtained the confirmation either during the interviews with the deputy unit chief (副股長), unit chief (股長), deputy chief (副科長), chief (科長), director (主任) or deputy director (副局長) in charge of their respective department of the competent local governmental authorities that is responsible for regulating pre-sales in the local property markets, or through the written confirmation issued by such competent local governmental authorities. In accordance with the Pre-sales Measures, the administrative department in charge of construction or the one in charge of real estate in the municipal or county people’s government is responsible for the administration of the pre-sale of urban commodity housing within its administrative region. As advised by our PRC Legal Advisors, such relevant regulatory authorities are competent to issue or provide the above confirmations, according to the Pre-sales Measures and (i) their scope of authority as publicized on the official websites of such regulatory authorities or the relevant local

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governments, (ii) the official notice promulgated by such regulatory authorities or the relevant local governments, or (iii) the relevant commodity housing pre-sale proceeds escrow account agreement. In addition, the officers had confirmed during the interviews that (i) they are officers working at the competent regulatory authorities that are in charge of regulating pre-sale activities and pre-sale proceeds in the respective regions where our relevant property projects are located, and (ii) they are authorized and responsible to supervise the regulation of the pre-sale proceeds in the respective regions where our relevant property projects are located.

Internal Control Measures and Opinions of Our PRC Legal Advisors

We have implemented enhanced internal control policies to require our project companies to strictly comply with the applicable PRC laws and regulations, as well as the relevant escrow agreement entered into with the relevant regulatory authorities and the bank.

A set of policies and procedures for governing the deposit of pre-sale proceeds into the escrow account has been established and approved by the management. Such policies and procedures has been circulated to relevant staff for execution. They will be reviewed regularly and updated when there are changes on relevant rules and regulations. Finance department and legal department are responsible for monitoring the changes of relevant rules and regulation related to finance and accounting and overall rules and regulations in relation to the operation, respectively. In addition, training is provided to staff from finance department and legal department regularly or when necessary.

We enter into an agreement on the supervision of pre-sale proceeds with a supervising bank, and set up a designated bank account where the pre-sale proceeds are paid into, before pre-sale of a property. Our finance department provides the relevant escrow account details to our legal department after registration, our legal department includes the details of the designated escrow account into the property sale and purchase agreement and sales department instructs the property buyers to deposit the pre-sale proceeds directly into the designated escrow account before signing the agreement. Only details of the designated escrow accounts will be provided to property buyers, which could help to ensure that the property buyers can only deposit the money into the designated escrow accounts. We generally enter into cooperation agreements with mortgage banks before the pre-sale begins for a property project which stipulates that the mortgage bank will provide the property buyers with mortgage loans for which we will provide guarantees for a period of time. A buyer may apply for the mortgage loan only with those mortgage banks that have signed cooperation agreements with us, otherwise we will not provide the guarantee. Accordingly, we have the bargaining power in choosing the mortgage banks to cooperate. In addition, we will provide the mortgage banks with the details of the designated escrow accounts only and request the mortgage banks to deposit the funds into the designated escrow accounts and include such terms into the cooperation agreements. If a mortgage bank disagrees with the arrangement, we will seek for the cooperation with other mortgage banks. Accordingly, taking into the above enhanced arrangements with mortgage banks,

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our Directors believe that we will not continue to encounter similar practical difficulties with respect to the practice of certain mortgage banks that caused the Pre-sale Proceeds Incidents.

In addition, we also enhanced the internal control to ensure that our project companies comply with the relevant local rules and regulations with respect to pre-sale proceeds. Our finance staff verify that the pre-sale proceeds are deposited into the appropriate escrow accounts by the property buyers and only issue fund receipt to the property buyers upon confirmation of receipt of fund in the appropriate escrow account. Besides, our sales staff verify the account details entered for payments through the point of sale card machine to ensure the pre-sale proceeds are credited to the appropriate escrow account. For check payment, our finance staff verify the payee details before processing, and only issue official receipt to the property buyers upon confirmation of receipt of pre-sale proceeds in the appropriate escrow account; and our finance department and sales department conduct reconciliation of the sales register with the bank statements of the escrow accounts on a monthly basis to ensure all pre-sale proceeds are deposited into the appropriate escrow accounts. If any discrepancy is noted, investigation is conducted and the result is documented. The amount of discrepancy will be deposited to the escrow account after the investigation and approval obtained from the Board.

In order to tackle the delay in the registration of our pre-sale contracts which resulted in our failure to directly deposit the pre-sale proceeds into the designated escrow accounts and ensure compliance in this regard, we designated specific corporate accounts at the project company level for temporary receipt of pre-sale proceeds before the same can be transferred to relevant designated escrow accounts. The relevant pre-sale proceeds that cannot be deposited to the designated escrow accounts due to the registration limitation will be deposited into such designated corporate account. Our sales department has systematically arranged registration of pre-sale contracts in chronological order to avoid substantial delay in registrations and closely communicated with the relevant local governments and informed finance department to make subsequent transfer of deposits from our general bank accounts into the designated escrow accounts. Our finance department is required to make such transfer within five working days after the relevant pre-sale contracts has been approved to be registered and their matching online registration number become available.

Expenses incurred during construction to be paid out of escrow accounts shall be reviewed and approved by finance department and general manager at the regional company level and finance department. Our employees are required to submit supporting documents, such as application with project progress and the project payment certificate jointly issued by the development company (which belongs to our Group), the construction company (an Independent Third Party) and the supervision company (an Independent Third Party who supervises the construction progress) to the relevant regulatory authorities to obtain their approval, and then submit such applications with the approvals from the government to the corresponding banks in which such escrow accounts are maintained for each draw-down.

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As the pre-sale proceeds were directly deposited into the bank accounts, the transfer and withdrawal of pre-sale proceeds were handled by our finance staff at the regional company level and the transfer and withdrawal of pre-sale proceeds were approved by the head of finance department at the regional company level, our Directors were not involved in the Pre-sale Proceeds Incidents or the daily operation relating the pre-sale proceeds at the regional company level. If an issue relating to the pre-sale proceeds is spotted, the management at regional company level will report to our Board. In addition, our headquarters gather information from the regional companies, and prepare and submit the pre-sales checking report to our Board for review on a monthly basis.

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, and we have fully complied with all the relevant regulations with regards to the pre-sale proceeds since June 30, 2020, except for certain incidental failure to directly deposit the pre-sale proceeds received into the designated escrow accounts due to the delays in registering the relevant pre-sales contracts as a result of the local governments’ limit on the number of pre-sales contracts registerable during a given period, which is beyond our control. Specifically, (i) as of June 30, 2020, the deficits of the designated escrow accounts had been reduced to nil for all of our property projects; and (ii) pre-sale proceeds that we received since June 2020 have been fully deposited into the relevant designated escrow account.

According to different local laws and regulations and depending on the circumstances of each Pre-sale Proceeds Incident, the regulatory authority may require us to rectify such incident, restrict us from withdrawing from the relevant designated escrow account, suspend our pre-sale activities in the relevant region, suspend our online execution system, list the incident in the enterprise credit files and/or impose a maximum fine of RMB30,000 for each incident on us. None of these administrative measures are exclusive to others. One or more types of the above-mentioned administrative punishments may be imposed for each Pre-sale Proceeds Incident depending on the circumstances. According to our PRC Legal Advisors, should the regulatory authority restrict us from withdrawing from the relevant designated escrow account, suspend our pre-sale activities in the relevant region or suspend our online execution system due to a Pre-sale Proceeds Incident, after such Pre-sale Proceeds Incident was rectified as required by the relevant regulatory authority, under the circumstances that no severe consequences were caused by such Pre-sale Proceeds Incident, these administrative measures would normally also be lifted or revoked. During the Track Record Period and up to the Latest Practicable Date, one of our project companies was fined in the amount of RMB30,000 for failure to deposit certain pre-sale proceeds into the relevant designated escrow account with respect to Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城). See “—Rectification Measures and Confirmation from the Relevant Regulator.”

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The online execution system is an online property sale system on competent government authorities’ websites. Generally, the property developers must enter the details of the property sale and purchase contract into the online execution system to generate the contract that the system will accept for recordation. The system will then have the contract on record, which prevents property developers from engaging in double sales. If the system is suspended, the property developers are not allowed to make any property sales. As advised by our PRC Legal Advisors, depending on different local rules, if there is a non-compliance incident relating to pre-sale activities or pre-sale proceeds, the government authority may issue an administrative decision to suspend the property developer’s online execution system either for this specific property project or for all of its property projects in the entire region. Under certain other local rules, local government authorities do not punish property developers for non-compliance incidents relating to pre-sale activities or pre-sale proceeds by suspending the online execution system.

As of May 31, 2020, we had 41 projects with active escrow accounts that had encountered Pre-sale Proceeds Incidents during the Track Record Period. According to the Pre-sales Measures, the competent regulatory authority may impose a fine of less than three times illegal gains but no more than RMB30,000 on a property developer who fails to use the pre-sale proceeds in accordance with the laws and regulations. According to local regulations on pre-sale proceeds, a property developer will be penalized in accordance with the Pre-Sale Measures for failure to comply with the laws and regulations on pre-sale proceeds. Based on the Pre-sales Measures, local regulations on pre-sale proceeds and the number of our property projects involving Pre-sale Proceeds Incidents, our PRC Legal Advisors are of the opinion that the maximum fine will be RMB1,230,000 if the relevant government authorities impose the maximum fine for each of these property projects. However, taking into account (i) the above-mentioned confirmations from the competent local governmental authorities, (ii) the fact that we have settled the penalties that had been imposed on us, (iii) the enhanced internal control measures that we have implemented and (iv) we had reduced the deficit of the designated escrow accounts to nil as of June 30, 2020, our PRC Legal Advisors are of the view that, (i) the risk of us being further penalized by the relevant government authorities which issued or provided the above-mentioned confirmations relating to the Pre-sale Proceeds Incidents in the future is low, and (ii) during the Track Record Period, our PRC subsidiaries with pre-sale permits did not have any material non-compliance with applicable PRC laws and regulations in respect of pre-sale proceeds. In light of the foregoing, our Directors are of the view that the Pre-sale Proceeds Incidents were not material non-compliance incidents and have no material adverse effect on our business operations and financial conditions. Further, we consider that no provision needs to be made in respect of any local requirements regarding the Pre-sale Proceeds Incidents taking into account of the above factors. As such, we have not made any provisions in our financial statements in relation to any pre-sale proceeds requirements.

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Directors and Sole Sponsor’s Views

Taking into account (i) that we have obtained the confirmations from or conducted interviews with the competent local governmental authorities, which confirmed that the Pre-sale Proceeds Incidents are immaterial non-compliance incidents, (ii) our PRC Legal Advisors’ view that during the Track Record Period, our PRC subsidiaries with pre-sale permits did not have any material non-compliance with applicable PRC laws and regulations in respect of pre-sale proceeds, (iii) the fact that during the Track Record Period and up to the Latest Practicable Date, only one of our project companies was fined in the amount of RMB30,000 and we have settled the penalties, (iv) our Director’s view that the Pre-sale Proceeds Incidents were not material non-compliance incidents and have no material adverse effect on our business operations and financial conditions, (v) the fact that our Directors were not involved in the Pre-sale Proceeds Incidents, and (vi) the fact that we had established internal control measures for procedures relating to the pre-sale proceeds and the Internal Control Consultant did not notice any material deficiencies in the enhanced internal control measures regarding the management of pre-sale proceeds after the follow-up review, our Directors, and the Sole Sponsor, 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.

INTERNAL CONTROLS

In preparation for the [REDACTED], we engaged an internal control consultant (the “**Internal Control Consultant**”) in 2019 to perform an overall assessment on certain of our procedures, systems and internal controls, including, in particular, internal control procedures to prevent future occurrence of the non-compliance incidents above. During the internal control review, the Internal Control Consultant has provided some recommendations to enhance our internal control procedures on compliance matters for our management’s consideration. Following the recommendations of the Internal Control Consultant, we have implemented the internal control measures as described in “Business—Legal Proceedings and Compliance—Non-compliance Incidents” above to prevent occurrence of non-compliance incidents in the future. The Internal Control Consultant performed a follow-up review on such internal control measures we implemented in January 2020, and confirmed that these measures have been properly and effectively implemented. The Internal Control Consultant did not notice any material deficiencies in our enhanced internal control measures regarding the above-mentioned non-compliance incidents.

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In particular, with respect to the Pre-sale Proceeds Incidents, during the initial review conducted by the Internal Control Consultant, we had already established internal control measures for procedures relating to the pre-sale proceeds and internal control deficiencies have been identified. Recommendations had been provided by the Internal Control Consultant after the review. The Internal Control Consultant has performed the second follow-up review over the internal control measures in relation to the pre-sale proceeds in July 2020. The Internal Control Consultant did not notice any material deficiencies in the enhanced internal control measures regarding the management of pre-sale proceeds after the follow-up review.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately upon completion of the [REDACTED] and the [REDACTED] without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme, our Ultimate Controlling Shareholders, namely Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, by virtue of the Acting in Concert Deed, will be entitled to exercise voting rights of [REDACTED]% of the total issued share capital of our Company through the investment holding companies controlled by them. Accordingly, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli together with the investment holding companies controlled by them, namely Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan, will be a group of Controlling Shareholders upon [REDACTED].

Each of Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan is an investment holding company. Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli are family members, with Mr. Liu Ce and Mr. Liu Haowei being the nephews of Mr. Liu Yuhui, Mr. Liu Ce being the son of Ms. Hou Sanli, Mr. Liu Yuhui being the spouse of Ms. Long Yiqin, and Mr. Liu Haowei being the son of Ms. Wang Tao. Mr. Liu Yuhui is the chairman of our Board, our executive Director and chief executive officer, and each of Mr. Liu Ce and Mr. Liu Haowei is our vice president and our senior management member. See “Directors and Senior Management.”

ACTING IN CONCERT DEED

On February 18, 2020, our Ultimate Controlling Shareholders executed the Acting in Concert Deed, pursuant to which our Ultimate Controlling Shareholders had agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management to the date when any one of them ceases to be our Controlling Shareholder: (a) they had been and would continue to be parties acting in concert and they had agreed to consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

DELINEATION OF BUSINESS

Business of our Group

Our Group is principally engaged in the development and sales of residential and commercial properties. In addition, we hold a portion of commercial properties developed by us for further investment purpose and are engaged in hotel management business.

Real Estate Investment in Australia

As of the Latest Practicable Date, Ms. Long Yiqin, one of our Ultimate Controlling Shareholders, was engaged in real estate investment in Australia through Leading Group Development Pty Ltd (“**Leading Group Development**”), a company incorporated in Australia with limited liability on August 30, 2017 which is indirectly owned as to 90% by Ms. Long Yiqin and 10% by Mr. Wei Yue, our [REDACTED] investor. As of the Latest Practicable Date, Leading Group Development held one parcel of land in Australia for investment purpose. Leading Group Development was not included into our Group for the following reasons: (i) the real estate investment business of Leading Group Development in Australia is located outside our geographical area of focus taking into account the different markets, customers and suppliers; and (ii) we do not, and do not intend to, conduct any real estate investment business in Australia. Based on the aforesaid reasons, our Directors are of the view that there is no competition between Leading Group Development and us.

Other Businesses of our Ultimate Controlling Shareholders

Other than our Group and the real estate development business in Australia, our Ultimate Controlling Shareholders are involved in other businesses including, among others, provision of property management services and commercial management services, sales of construction materials, operation of hospital, financial asset investment and waste recycling and processing service through Rong Liang Group, Liang Yuan Asset Management or other companies owned and/or controlled by them. Given the differences in the nature of such other businesses held by our Ultimate Controlling Shareholders and the business of our Group, our Directors are of the view that there is clear business delineation, and hence there is unlikely to be any direct or indirect competition with the business of our Group.

To ensure that competition will not exist in the future, our Ultimate Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that they will not, and will procure their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in or interested in any business which may be in competition with our Group’s business. See “—Deed of Non-Competition.”

Save as disclosed above, 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.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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 the [REDACTED] 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 as disclosed below, 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 our Directors and members of our senior management team 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. Liu Yuhui	Executive Director and chief executive officer	Executive director of Rong Liang Group
Mr. Liu Ce	Vice president	Director of Sichuan Zhongming Environmental Management Co., Ltd. (四川省中明环境治理有限公司), 85.67% equity interest of which is held by Liang Yuan Asset Management

Despite the overlapping roles assumed by Mr. Liu Yuhui and Mr. Liu Ce as illustrated above, when performing their duties in each of our Group and the relevant companies, they have been and will continue to be supported by the separate and independent board and senior management team of each of our Group and the relevant companies. Moreover, Mr. Liu Ce is not involved in the day-to-day management of Sichuan Zhongming Environmental Management Co., Ltd.. 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 the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is an actual or 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.

Based on the 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 [REDACTED].

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the [REDACTED], 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.

Intellectual property rights and licenses required for operation

We are not reliant on trademarks owned by our Controlling Shareholders or their respective close associates, and we hold and enjoy the benefit of all relevant licenses and qualifications necessary to carry on our current business.

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 such customers, our suppliers as well as our other business partners.

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 employee headcount for our operations and our own management of 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

“Connected Transactions” sets out the continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates which will continue after the completion of the [REDACTED]. All such transactions are determined after arm’s length negotiations 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 upon completion of the [REDACTED]. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provides any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders and their respective close associates after [REDACTED].

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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.

Financial Independence

All loans, advances and balances due to or from our Controlling Shareholders and their respective close associates which were not arising out of the ordinary course of business will be fully repaid, settled, assigned or novated to our Group before the [REDACTED]. 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 [REDACTED].

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.

DEED OF NON-COMPETITION

Each of our Ultimate Controlling Shareholders has entered into a Deed of Non-Competition in favor of our Company, pursuant to which each of our Ultimate Controlling Shareholders has irrevocably and unconditionally undertaken to our Company that he/she will not, and will procure his/her close associates not to directly or indirectly be involved in, conduct or undertake any business that directly or indirectly competes, or may compete, with the business engaged by our Group from time to time (the “**Restricted Businesses**”), or hold shares or interest in any company or business (other than the shares or interest in our Group) that competes or may compete directly or indirectly with the Restricted Businesses, except where our Ultimate Controlling Shareholders and their respective close associates hold less than 10% of the total interest in any company which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control the composition of a majority of the board of such company.

Further, each of our Ultimate Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the “**Competing Business Opportunity**”) is identified by/made available to him/her or any of his/her close associates, he/she shall, and shall procure that his/her close associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the “**Offer Notice**”) within 30 business days of identifying the target company (if relevant), the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Upon receiving the Offer Notice, our Company shall seek approval from a board committee who do not have an interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Ultimate Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Ultimate Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/she has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days’ period mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Ultimate Controlling Shareholder, he/she shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Ultimate Controlling Shareholders and their respective close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be [REDACTED] on the Stock Exchange.

Each of our Ultimate Controlling Shareholders [has further undertaken] to us that he/she will provide and procure his/her close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Ultimate Controlling Shareholders;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and
- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Each of our Ultimate Controlling Shareholders and his/her respective associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/she fully comprehends his/her 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 [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management—Board of Directors—Independent non-executive Directors”;
- (d) we have appointed Giraffe 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;
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and
- (f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

CONNECTED TRANSACTIONS

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive or those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the [REDACTED] and any of their associates will become a connected person of our Company upon [REDACTED]. Upon [REDACTED], our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that after [REDACTED], the following transactions between our Group and the relevant connected persons will continue, which will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

(A) CONTINUING CONNECTED TRANSACTIONS WHICH ARE FULLY EXEMPTED FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

1. Lease of Properties

On November 16, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a property lease framework agreement (the “**Property Lease Framework Agreement**”) with Rong Liang Group (for itself and on behalf of its subsidiaries and associates), pursuant to which we agreed to lease certain premises to Rong Liang Group, its subsidiaries and/or associates for commercial use. The Property Lease Framework Agreement has a term commencing from the [REDACTED] to December 31, 2022.

As the Property Lease Framework Agreement is a framework agreement, it is envisaged that from time to time and as required, individual lease agreements will be entered into between the relevant members of our Group and Rong Liang Group, its subsidiaries and/or associates. Each individual lease agreement will set out the specific terms and conditions according to the principle terms provided in the Property Lease Framework Agreement.

Based on the property lease agreements entered into between the relevant members of our Group and the subsidiaries of Rong Liang Group, we leased several properties to the subsidiaries of Rong Liang Group for commercial use with a total GFA of approximately 3,900 sq.m. as of the Latest Practicable Date. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, the total amount of rental paid by Rong Liang Group or its subsidiaries to us for the leased properties amounted to nil, approximately RMB0.4 million, RMB2.9 million and RMB1.3 million, respectively. The significant increase in the rental paid for the year ended December 31, 2019 as compared to the previous year was mainly attributable to the end of rent-free period offered to a subsidiary of Rong Liang Group between October 2018 and May 2019 for the lease of certain units of Chengdu Leading Center (成都領地中心) and Rong Liang Group or its subsidiaries began to pay rental for such properties to our Group thereafter.

CONNECTED TRANSACTIONS

We will continue to lease the above properties to the subsidiaries of Rong Liang Group after the [REDACTED]. Our Directors estimate that the maximum annual rental payable to our Group by Rong Liang Group and its subsidiaries and associates pursuant to the Property Lease Framework Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB4.2 million, RMB5.0 million and RMB5.1 million, respectively. The total rental to be paid under the Property Lease Framework Agreement shall be determined after arm’s length negotiations with reference to factors including (i) the rental payable to our Group and the annual increment thereof pursuant to the property leasing arrangements currently in existence; and (ii) the prevailing market rates of the properties in the same locality with similar scale and quality. The Property Lease Framework Agreement shall be entered into on terms no more favorable than those offered by us to Independent Third Parties.

The rental payable to our Group for the years ending December 31, 2020, 2021 and 2022 is expected to increase as compared to that for the Track Record Period given that (i) the subsidiaries of Rong Liang Group will no longer enjoy rent-free arrangements under the Property Lease Framework Agreement; and (ii) the rental payable will be adjusted with reference to the market rates of the properties in the same locality with similar scale and quality.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has reviewed the terms of the Property Lease Framework Agreement and the existing lease agreements between our Group and the relevant subsidiaries and associates of Rong Liang Group, and confirmed that such terms are on normal commercial terms under prevailing market conditions and the agreed rentals fair and reasonable.

Rong Liang Group is owned as to approximately 33.16% by Mr. Liu Yuhui, our executive Director and Controlling Shareholder; and approximately 33.16% and 33.17% respectively by Mr. Liu Ce and Mr. Liu Haowei, both of whom are our Controlling Shareholders. Rong Liang Group is therefore an associate of each of Mr. Liu Yuhui, Mr. Liu Ce and Mr. Liu Haowei. As such, Rong Liang Group, its subsidiaries and associates are connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Property Lease Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Property Lease Framework Agreement is expected to be less than 0.1% on an annual basis, such transactions will constitute *de minimis* continuing connected transactions of our Company and will be exempted from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

(B) CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPTED FROM THE INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENT

1. Procurement and Installation Services

On November 16, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a procurement framework agreement (the “**Procurement Framework Agreement**”) with Meishan Mingdian Doors and Windows Co., Ltd. (眉山市明典門窗有限公司) (“**Meishan Mingdian**”) and Bazhou Hongdian Architectural Decoration Engineering Co., Ltd. (巴州宏典建築裝飾工程有限公司) (“**Bazhou Hongdian**”), pursuant to which we agreed to purchase aluminum alloy doors and windows and related materials from Meishan Mingdian and Bazhou Hongdian and engage each of them for the provision of related installation services (the “**Procurement and Installation Services**”) to properties to be delivered by us. The Procurement Framework Agreement has a term commencing from the [REDACTED] to December 31, 2022.

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, the total amount paid by our Group to Meishan Mingdian and Bazhou Hongdian for the Procurement and Installation Services in aggregate amounted to approximately RMB3.7 million, RMB3.1 million, RMB40.5 million and RMB22.5 million, respectively. The significant increase in fees for the year ended December 31, 2019 was attributable to a higher demand for Procurement and Installation Services, particularly in Leshan and Meishan areas as those are the primary locations that Meishan Mingdian focuses its operations in.

The service fees to be charged for the Procurement and Installation Services shall be determined after arm’s length negotiations, taking into account (i) the positioning, location and size of the properties; (ii) the anticipated operational cost (including labor costs and material costs) for providing such services; and (iii) the price offered to us by Independent Third Party suppliers. To ensure that no preferential treatment shall be given to Meishan Mingdian or Bazhou Hongdian in terms of selection of service providers, we shall obtain from at least two quotes from Independent Third Party suppliers for comparison before proceeding to agree on the actual fees with each of them.

CONNECTED TRANSACTIONS

Our Directors estimate that the maximum transaction amounts under the Procurement Framework Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB24.3 million, RMB12.4 million and RMB2.2 million, respectively. Such estimate is based on (i) the historical transaction amounts for similar scope of services during the Track Record Period; and (ii) the existing purchase orders we have placed with Meishan Mingdian and Bazhou Hongdian in respect of property development projects based on our current development plan. As we plan to further diversify our supplier base for the Procurement and Installation Services, it is expected that the transaction amounts under the Procurement Framework Agreement for the years ending December 31, 2020, 2021 and 2022 will decrease upon completion of development of the relevant projects.

The Procurement Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual purchase contracts may be entered into between the relevant members of our Group and Meishan Mingdian or Bazhou Hongdian. Each individual purchase order will set out the products to be procured by our Group, the purchase prices to be paid by the relevant members of our Group and any detailed specifications which may be relevant to those engagements. The individual purchase orders may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Procurement Framework Agreement.

Meishan Mingdian is owned as to 99% by Mr. Liu Mengkai (劉檬愷), the nephew of Mr. Liu Yuhui, our executive Director and Controlling Shareholder. Bazhou Hongdian is wholly owned by Ms. Liu Yuhui (劉玉惠), the sister of Mr. Liu Yuhui. As such, each of Meishan Mingdian and Bazhou Hongdian is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Procurement Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As at least one of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Procurement Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, such transactions are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholder’s approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

2. Commercial Management Services

On November 16, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a commercial management services framework agreement (the “**Commercial Management Services Framework Agreement**”) with Chengdu Baorui Commercial Management Co., Ltd. (成都寶瑞商業管理有限公司) (“**Chengdu Baorui**”) (for itself and on behalf of its subsidiaries), pursuant to which we agreed to engage Chengdu Baorui and its subsidiaries to provide commercial management services, including but not limited to (i) tenant sourcing; (ii) consultancy and promotion services for marketing and event planning; and (iii) commercial operational services including tenant management and rent collection, to commercial properties owned by us (the “**Commercial Management Services**”) for a term commencing from the [REDACTED] to December 31, 2022.

We procure different types of Commercial Management Services for our commercial properties at different stages of development or operation and therefore, the amount of service fees that we shall pay for each type of services is tied with the stages of development or operation of our commercial properties. Generally, we shall incur payments in (i) commissions for tenant sourcing during the preparation stage and initial operation stage of our commercial properties to secure for initial tenants and subsequent new tenants during the operation stage; (ii) consultancy and promotion fees relating to marketing and promotion activities for our commercial properties which are usually launched during the preparation stage and the first two to three years of operation with an aim to increase the occupancy rate and foot traffic of our respective commercial properties; and (iii) commercial operational service fees, which are dependent on the occupancy rate, rent and scope of services such as tenant management and rent collection in the operation stage of our respective commercial property projects.

The following table sets forth the breakdown of service fees paid by our Group to Chengdu Baorui and its subsidiaries (the “**Chengdu Baorui Group**”) in relation to the provision of Commercial Management Services by type of services during the Track Record Period:

	For the year ended December 31,			For the five months ended
	2017	2018	2019	31 May,
	RMB'000	RMB'000	RMB'000	2020
Commissions for tenant sourcing	5,439	6,136	7,666	2,248
Consultancy and promotion fees	0	8,357	19,108	4,950
Commercial operational service fees	1,500	9,677	7,201	6,225
Total	6,939	24,170	33,975	13,423

CONNECTED TRANSACTIONS

For the years ended December 31, 2017, 2018 and 2019, we had contracted Chengdu Baorui Group for the provision of Commercial Management Services in eight, 16 and 16 of our commercial property projects, respectively, involving a total GFA under management of approximately 136,000 sq.m., 297,000 sq.m. and, 297,000 sq.m., respectively. The significant increase in consultancy and promotion fees and commercial operational service fees from 2017 to 2018 was mainly due to the completion of our landmark commercial complex projects, Chengdu International Finance Center (成都環球金融中心) in July 2017 with GFA of 35,000 sq.m. under the management of Chengdu Baorui Group, and Jilin International Trade Center (吉林環球貿易中心) in October 2017 with GFA of 76,300 sq.m. under the management of Chengdu Baorui Group upon their respective commencement of operation. The consultancy and promotion fees further increased from 2018 to 2019 in support of the expansion of our commercial property development business, including the marketing and promotion services launched for the east wing of the Chengdu Leading Center (成都領地中心) with GFA under management of Chengdu Baorui Group of approximately 73,100 sq.m., which commenced operation in December 2018.

During the six months ended June 30, 2020, we had entered into service contracts with Chengdu Baorui Group for the provision of Commercial Management Services for an additional four of our commercial properties, which attributed to a further increase in service fees payable by us. As of June 30, 2020, 20 of our commercial property projects were under the management of Chengdu Baorui Group for the provision of Commercial Management Services, with a total GFA under management of approximately 394,000 sq.m.

The service fees to be charged for the Commercial Management Services shall be determined after arm’s length negotiations with reference to the prevailing market price for similar services, taking into account (i) the size, location and development schedule of the commercial properties to be managed by Chengdu Baorui Group; (ii) anticipated operational costs (including labor costs, material costs and administrative costs) for such services; and (iii) the price offered to us by Independent Third Party suppliers. To ensure that no preferential treatment shall be given to Chengdu Baorui Group in terms of selection of service providers, we shall obtain from at least two Independent Third Party suppliers for comparison before proceeding to agree on the actual fees with Chengdu Baorui Group.

CONNECTED TRANSACTIONS

Our Directors estimate that the maximum service fees under the Commercial Management Services Framework Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB56.5 million, RMB33.9 million and RMB25.5 million, respectively. Such estimate is based on (i) the historical transaction amounts for similar services and similar types of projects during the Track Record Period; and (ii) 20 of our commercial property projects with a total GFA under management of approximately 394,000 sq.m. for which we have engaged Chengdu Baorui Group for the provision of Commercial Management Services for each of the years ending December 31, 2020, 2021 and 2022; and (iii) the types of services for which we plan to procure from Chengdu Baorui Group, depending on the stages of development or operation of our commercial properties. The following table sets forth the breakdown of the estimated service fees in relation to the provision of Commercial Management Services by type of services for the years ending December 31, 2020, 2021 and 2022:

	For the year ending December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Commissions for tenant sourcing	16,415.8	8,525.7	3,492.9
Consultancy and promotion fees	29,185.2	7,772.0	3,167.8
Commercial operational service fees	10,814.5	17,598.2	18,833.8
Total	56,415.5	33,895.9	25,494.5

The service fees to be paid by us to Chengdu Baorui Group for the years ending December 31, 2020, 2021 and 2022 are determined after taking into account the following factors:

Commissions for tenant sourcing

- the commissions for tenant sourcing payable are expected to increase by approximately twofold from approximately RMB7.7 million in 2019 to RMB16.4 million in 2020, primarily attributable to the commencement of operation of the west wing of Chengdu Leading Center in January 2020, leading to a substantial increase in the commissions payable for tenant sourcing of approximately RMB7.9 million. In addition, the east wing of Chengdu Leading Center is expected to incur payment in commissions for tenant sourcing of approximately RMB4.8 million in 2020 due to the launch of marketing and promotion activities which may lead to an increase in occupancy rate. It is also expected that seven of our other commercial properties currently under the management of Chengdu Baorui Group will incur commissions for tenant sourcing in 2020 for reasons of tenancy turnover and revamp in tenant mix;

CONNECTED TRANSACTIONS

- the commissions payable are expected to decrease by nearly half from approximately RMB16.4 million in 2020 to RMB8.5 million in 2021 as a substantial portion of the commercial properties managed by Chengdu Baorui Group are expected to be leased out, and tenant sourcing services will no longer be required for such leased properties. The commissions payable in 2021 primarily comprise (i) approximately RMB5.0 million of commissions to be incurred in 2021 for tenant sourcing for Chengdu Yipin Center (成都一品中心), Leading Haiyueli (領地海月里) and Chengdu Jinxiang Lantai (成都錦巷蘭台) which will be in their preparation stages by then; and (ii) approximately RMB3.1 million of commissions will be incurred due to tenancy turnover in other commercial properties currently under the management of Chengdu Baorui Group;
- in line with the decreasing number of premises in need of such tenant sourcing services, the amount of commissions payable is expected to further decrease by approximately 59% to RMB3.5 million in 2022 when a majority of the premises in Leading Haiyueli and Chengdu Jinxiang Lantai are expected to be leased out where the commissions payable for tenancy sourcing will be primarily attributable to the sourcing of tenants for our commercial properties including Chengdu Yipin Center and Leading Haiyueli in 2022;

Consultancy and promotion fees

- the consultancy and promotion fees payable are expected to increase by approximately 53%, from approximately RMB19.1 million in 2019 to RMB29.2 million in 2020 primarily due to a higher demand for marketing and promotion activities in (i) Chengdu Leading Center with relevant service fees increased from approximately RMB3.5 million in 2019 to RMB8.5 million in 2020 since the west wing of Chengdu Leading Centre commenced operation in January 2020 with the launching of marketing and promotion activities to further improve occupancy rate; and (ii) Jilin International Trade Center with relevant service fees increased from approximately RMB11.1 million in 2019 to RMB13.1 million in 2020 for launching of marketing and promotion activities in order to attract new tenants and improve occupancy rate;
- it is expected that the consultancy and promotion fees payable will decrease by approximately 73%, from approximately RMB29.2 million in 2020 to RMB7.8 million in 2021, and such fees are expected to further decrease by approximately 59%, from approximately RMB7.8 million in 2021 to RMB3.2 million in 2022, following an expected diminishing demand for marketing and promotion activities in our commercial properties. In particular, it is anticipated that the marketing and promotion activities for Chengdu Leading Center and Jilin International Trade Center will gradually vanish in 2021 and 2022, respectively;

CONNECTED TRANSACTIONS

Commercial operational service fees

- the commercial operational service fees payable are expected to increase by approximately 50%, from approximately RMB7.2 million in 2019 to RMB10.8 million in 2020, and such fees are expected to further increase by more than 60%, from approximately RMB10.8 million in 2020 to RMB17.6 million in 2021 due to increase in the leased GFA and corresponding occupancy rate in our respective commercial properties managed by Chengdu Baorui Group, leading to more rental income to be generated from the relevant commercial properties and thus a corresponding increase in service fees for commercial operational management. Such service fees are expected to have a relatively gradual increase by approximately 7%, from approximately RMB17.6 million in 2021 to RMB18.8 million in 2022, as most of our commercial properties managed by Chengdu Baorui Group are expected to reach their maximum occupancy rate by 2022;
- a substantial portion of the commercial operational service fees from 2020 to 2022 is attributable to the demand for such service in Chengdu Leading Centre given a majority of its premises are expected to be leased out and the fees are expected to increase substantially from approximately RMB2.3 million in 2019 to RMB4.9 million in 2020, RMB10.2 million in 2021 and RMB10.6 million in 2022, respectively; and
- the increasing trend in commercial operational service fees payable is also attributable to the anticipated rise in rental income from our landmark commercial projects, Chengdu International Finance Center and Jilin International Trade Center. In line with the expected increment in rental income, the commercial operational service fees for Chengdu International Finance Center are expected to increase from approximately RMB1.0 million in 2019, to RMB1.1 million in 2020, RMB2.5 million in 2021 and RMB2.6 million in 2022, respectively; and the commercial operational service fees of Jilin International Trade Center are expected to increase from approximately RMB1.1 million in 2019, to RMB1.3 million in 2020, RMB2.3 million in 2021 and RMB2.1 million in 2022, respectively.

The Commercial Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual service contracts may be entered into between the relevant members of our Group and Chengdu Baorui or its subsidiaries. Each individual service contract will set out the scope of services to be provided by Chengdu Baorui or its subsidiaries to the relevant members of our Group, the fees for the services to be paid by the relevant members of 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 Commercial Management Services Framework Agreement.

CONNECTED TRANSACTIONS

Chengdu Baorui is wholly owned by Rong Liang Group. As such, Chengdu Baorui and its subsidiaries are connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Commercial Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As at least one of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Commercial Management Services Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will be subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

3. Property Management Services

On November 16, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a property management services framework agreement (the “**Property Management Services Framework Agreement**”) with Lingyue Property Services Group Co., Ltd. (領悅物業服務集團有限公司) (“**Lingyue Property**”) (for itself and on behalf of its subsidiaries), pursuant to which we agreed to engage Lingyue Property and its subsidiaries to provide on-site management services for construction sites, display units and on-site sales offices (the “**On-site Management Services**”) and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and car parks owned by us (collectively, the “**Property Management Services**”). The Property Management Services Framework Agreement has a term commencing from the [REDACTED] to December 31, 2022.

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, the total service fees paid by our Group to Lingyue Property and its subsidiaries for the Property Management Services amounted to approximately RMB34.8 million, RMB54.7 million, RMB70.1 million and RMB36.9 million, respectively. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, we had engaged Lingyue Property and its subsidiaries for the provision of On-site Management Services for 22, 35, 46 and 45 property projects, respectively. The total GFA of properties for which we had engaged Lingyue Property and its subsidiaries for the provision of Property Management Services (other than On-site Management Services) was approximately 4.9 million sq.m., 5.3 million sq.m., 6.5 million sq.m. and 7.7 million sq.m. for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively.

CONNECTED TRANSACTIONS

The service fees to be charged for the Property Management Services shall be determined with reference to a number of factors, including (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services is required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no less favorable than those quoted by Independent Third Parties to us. To ensure that no preferential treatment shall be given to Lingyue Property in terms of selection of service providers, we shall obtain from at least two Independent Third Party suppliers for comparison before proceeding to agree on the actual fees with Lingyue Property or its subsidiaries.

Our Directors estimate that the maximum transaction amounts under the Property Management Services Framework Agreement for the years ending December 31, 2020, 2021 and 2022 will not exceed RMB95.7 million, RMB128.0 million and RMB151.9 million, respectively. Such estimate is based on (i) the historical transaction amounts for similar services and similar types of projects during the Track Record Period; (ii) the number of existing property projects for which we have engaged Lingyue Property or its subsidiaries to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by us that will require Property Management Services in the relevant years, projected with reference to the trend of increase of properties delivered by our Group during the Track Record Period.

The increase of service fees to be paid by us to Lingyue Property or its subsidiaries for the years ending December 31, 2020, 2021 and 2022 as compared to the Track Record Period is mainly due to the following reasons:

- a growing number of properties scheduled to be delivered by us which requires On-site Management Services. For the years ending December 31, 2020, 2021 and 2022, it is anticipated that our Group will engage Lingyue Property and its subsidiaries for the provision of On-site Management Services for 55, 66 and 79 property projects, respectively, which were estimated with reference to number of existing contracts, expected growth in number of projects based on historical growth and the number of projects under constructions;

CONNECTED TRANSACTIONS

- the expected increase in GFA of unsold properties in demand for other types of Property Management Services (other than On-site Management Services), which has been estimated based on the GFA of properties delivered and scheduled to be delivered by our Group and available for management by Lingyue Property or its subsidiaries. For the years ending December 31, 2020, 2021 and 2022, it is anticipated that the Group will engage Lingyue Property and its subsidiaries for the provision of Property Management Services (other than On-site Management Services) for a total GFA of approximately 8.9 million sq.m., 12.5 million sq.m. and 16.3 million sq.m., respectively, which were estimated with reference to the delivery schedule of our Group.

The Property Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual service contracts may be entered into between our Group and Lingyue Property or its subsidiaries. Each individual service contract will set out the Property Management Services to be provided by Lingyue Property or its subsidiaries to our Group, the fees for the services to be paid 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.

Lingyue Property is wholly owned by Rong Liang Group. As such, Lingyue Property and its subsidiaries are connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated 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 each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Property Management Services Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, such transactions are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

(C) WAIVERS

The transactions described under “—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement” constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement”, subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2020, 2021 and 2022 shall not exceed the relevant annual amounts stated above.

(D) DIRECTORS’ VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described under “—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement” have been and shall be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms a better and in accordance with the respective terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (iii) the respective terms and the proposed annual caps thereof are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

(E) SOLE SPONSOR’S VIEW

The Sole Sponsor is of the view that all the continuing connected transactions described under “—(B) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement” have been and shall be entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms and in accordance with their respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) that the respective terms and the proposed annual caps for the transactions referred to in this section are fair and reasonable and in the interest 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 appointments with each of our independent non-executive Directors.

The table below shows 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>Existing position</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors and senior management</u>
Mr. Liu Yuhui (劉玉輝)	47	Executive Director, chairman of the Board and chief executive officer	April 19, 1999	July 15, 2019	Responsible for overseeing the business development and business strategies our Group	Uncle of Mr. Liu Ce and Mr. Liu Haowei
Mr. Luo Changlin (羅昌林)	47	Executive Director, chief financial officer and joint company secretary	January 1, 2011	December 16, 2019	Responsible for managing the financial operations and cost control of our Group	None
Ms. Zeng Xurong (曾旭蓉)	47	Executive Director	July 8, 2002	December 16, 2019	Responsible for the overall administrative functions, risk management and procurement of our Group	None
Ms. Hou Xiaoping (侯小萍)	44	Executive Director	June 1, 2014	December 16, 2019	Responsible for financing and fund raising for the projects of our Group	Aunt of Mr. Liu Ce
Ms. Jin Xu (金旭)	51	Independent non-executive Director	November 16, 2020	November 16, 2020	Responsible for providing independent advice on the operations and management of our Group	None
Ms. Liang Yunxing (梁運星)	47	Independent non-executive Director	November 16, 2020	November 16, 2020	Responsible for providing independent advice on the operations and management of our Group	None
Mr. Fang Min (方敏)	48	Independent non-executive Director	November 16, 2020	November 16, 2020	Responsible for providing independent advice on the operations and management of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Members of our senior management

Our senior management comprises Mr. Liu Yuhui, our chief executive officer, and Mr. Luo Changlin, our chief financial officer, and the following members:

Name	Age	Existing Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Xu Chuanhai (徐川海)	47	Vice president (Note)	March 28, 2011	August 22, 2017	Responsible for marketing and sales management of our Group	None
Mr. Liu Ce (劉策) (formerly known as Liu Huan (劉歡))	29	Vice president	October 8, 2011	January 1, 2019	Responsible for the execution of our business strategies and the management of our real estate projects in Chengdu	Nephew of Mr. Liu Yuhui and Ms. Hou Xiaoping; cousin of Mr. Liu Haowei
Mr. Liu Haowei (劉浩威)	27	Vice president	May 11, 2015	January 1, 2019	Responsible for the execution of our business strategies and the management of our real estate projects in Chongqing	Nephew of Mr. Liu Yuhui; cousin of Mr. Liu Ce

Note: Mr. Xu Chuanhai first joined our Group as the general manager of marketing development center of Leading Group in March 2011 until March 2012. He rejoined our Group in August 2017 and has been serving as our vice president since then.

Executive Directors

Mr. Liu Yuhui (劉玉輝), aged 47, was appointed as our Director on July 15, 2019. He was appointed as the chairman of our Board and our chief executive officer and re-designated as our executive Director on December 16, 2019. He is responsible for overseeing the business development and business strategies of our Group. Mr. Liu Yuhui is an entrepreneur with over 20 years of experience in the PRC real estate industry. Mr. Liu Yuhui co-founded our Group together with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi in April 1999 through the establishment of Leading Group. Capitalizing on his experience in the PRC real estate industry, Mr. Liu Yuhui has guided our sustained and steady business development for the past two decades. Mr. Liu Yuhui has held various directorships in our subsidiaries, including Leading Group since June 2008 and Guangdong Leading Real Estate since November 2008.

Mr. Liu Yuhui obtained a master’s degree in business administration from the University of Wales in the United Kingdom in December 2013. He also completed an academic program related to real estate investment in Massachusetts Institute of Technology in the United States in October 2015. Mr. Liu Yuhui has been the deputy chairman of The General Association of Sichuan Entrepreneurs (四川省川商總會) since June 2016.

Mr. Liu Yuhui is the uncle of Mr. Liu Ce and Mr. Liu Haowei, our vice presidents and our senior management members. See “—Senior Management.”

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu was a director of Sichuan Leibo Tianli Electric Power Development Co., Ltd. (四川雷波天利電力開發有限責任公司), a company established in the PRC with limited liability, whose license was revoked on March 10, 2009 as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Mr. Liu confirmed that as of the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Luo Changlin (羅昌林), aged 47, was appointed as our executive Director and chief financial officer on December 16, 2019. He is responsible for managing the financial operations and cost control of our Group. Mr. Luo joined our Group in January 2011 as the cost manager of the financial management center of our Group. He was later promoted as the general manager of the financial management center of our Group in March 2016 and as the assistant president of our Group in July 2018.

Mr. Luo has over 20 years of experience in financial management. Prior to joining our Group, from July 1996 to October 2004, Mr. Luo served as the project finance manager in the first branch of China No.5 Metallurgical Construction Company (中國第五冶金建設有限公司一分公司) (now known as the first engineering branch of China MCC 5 Group Corp. Ltd. (中國五冶集團有限公司第一工程分公司)), a company which is principally engaged in engineering contracting and property development business wholly owned by Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司) which is listed on the Main Board of the Stock Exchange (stock code: 1618) and the Shanghai Stock Exchange (stock code: 601618). From December 2004 to December 2010, Mr. Luo worked at Sichuan Jianye Construction Engineering Co., Ltd. (四川建業建築工程有限公司) (now known as Central Asia Construction Engineering Co., Ltd. (中亞建業建設工程有限公司)), a company which is principally engaged in construction engineering, with his last position as the general manager of finance department.

Mr. Luo obtained a diploma in finance and accounting from Mianyang College of Economy and Technology (綿陽經濟技術高等專科學校) in the PRC in July 1996. He also obtained a bachelor's degree in accounting from China Central Radio and Television University (中央廣播電視大學) (now known as the Open University of China (國家開放大學)) in the PRC in July 2014. In December 2019, Mr. Luo obtained a master's degree in business administration from the University of Electronic Science and Technology of China (電子科技大學) in the PRC.

Ms. Zeng Xurong (曾旭蓉), aged 47, was appointed as our executive Director on December 16, 2019 and is responsible for the overall administrative functions, risk management and procurement of our Group. Ms. Zeng has over 17 years of experience in management and general administration in the real estate industry. She joined our Group in July 2002 as an accountant-in-charge and was later promoted as the audit manager of our Group in July 2007. She was later appointed as the general manager of the audit and supervision department of our Group in January 2010 and was mainly responsible for supervising the internal audit of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zeng obtained a diploma in finance and accounting from Leshan Finance and Trade School (樂山財貿學校) (now merged into Leshan Vocational and Technical College (樂山職業技術學院)) in the PRC in July 1993. She also obtained a college degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 1997.

Ms. Hou Xiaoping (侯小萍), aged 44, was appointed as our executive Director on December 16, 2019 and is responsible for financing and fund raising for the projects of our Group. Ms. Hou joined our Group in June 2014 as the general manager of the financing center of our Group and was later promoted as the assistant to the president of our Group in May 2018.

Ms. Hou has over 20 years of experience in financing and accounting field. Prior to joining our Group, from July 1996 to August 2008, Ms. Hou worked at Tibet Trust Corporation Limited (西藏信託有限公司), an asset management company with her last position being the general manager of the finance department. From August 2008 to February 2013, Ms. Hou served as a manager of the finance department of Tibet Autonomous Region Investment Co., Ltd. (西藏自治區投資有限公司). She was subsequently appointed as the director and the financial controller of the same company from March 2013 to May 2014.

Ms. Hou completed secondary vocational school education in finance and accounting in Tibet Autonomous Region Finance and Economics School (西藏自治區財經學校) (now merged with School of Finance and Economics, Tibet University (西藏大學財經學院)) in the PRC in July 1996. She also obtained a diploma in law from China Central Radio and Television University (中央廣播電視大學) (now known as the Open University of China (國家開放大學)) in the PRC in July 2006.

Ms. Hou is the aunt of Mr. Liu Ce, our vice president and our senior management member. See “—Senior Management.”

Independent non-executive Directors

Ms. Jin Xu (金旭), aged 51, was appointed as our independent non-executive Director on November 16, 2020 and is responsible for providing independent advice on the operations and management of our Group.

Ms. Jin has over 26 years of experience in fund management. From July 1993 to November 2001, Ms. Jin worked in the China Securities Regulatory Committee with her last position as the head of the general office of fund supervision department. From November 2001 to June 2004, Ms. Jin worked in China Asset Management Co., Ltd. (華夏基金管理有限公司), a company which is principally engaged in asset management, with her last position being the deputy general manager. From July 2004 to April 2006, she was the general manager of Baoying Fund Management Co., Ltd. (寶盈基金管理有限公司), a company which is engaged in fund establishment and management as well as asset management. In 2006, Ms. Jin worked as the chief representative in the Beijing Representative Office of Mellon Global Investment Co., Ltd. (梅隆全球投資有限公司), a company which is principally engaged in asset management. From May 2007 to December

DIRECTORS AND SENIOR MANAGEMENT

2014, Ms. Jin was the general manager of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司), a company which is principally engaged in fund establishment and management. Ms. Jin joined China Merchants Fund Management Co., Ltd. (招商基金管理有限公司), a company which is principally engaged in fund establishment and management, in January 2015 where she held the position of general manager and now as the vice chairman.

Since February 2017, she has been the chairman of the Public Fund Professional Committee of the China Securities Investment Fund Industrial Association (中國證券投資基金業協會公募基金專業委員會). Since July 2017, Ms. Jin has been the vice president of the Shenzhen Investment Fund Industrial Association (深圳市投資基金同業公會). She is the receiver of the “Leading Character of Funds Industry” (基金行業領軍人物獎) award from Sina Finance (新浪財經).

Ms. Jin obtained a bachelor’s degree and a master’s degree in economic law from Peking University in the PRC in July 1990 and July 1993, respectively. In May 1996, she obtained a master of law degree in comparative law from New York University in the United States.

Ms. Liang Yunxing (梁運星), aged 47, was appointed as our independent non-executive Director on November 16, 2020 and is responsible for providing independent advice on the operations and management of our Group.

Ms. Liang has over 21 years of experience in accounting and financial management. Ms. Liang worked for over 14 years with China National Travel Service (HK) Group Corporation (中國旅遊集團有限公司) (“CTSG”), one of the major multinational state-owned enterprises in the PRC with headquarter in Hong Kong, and its subsidiaries from July 1998 to October 2012. During that period, from October 2006 to April 2009, Ms. Liang was the general manager of the finance department of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 308) and the flagship company of CTSG in the travel industry. From May 2009 to October 2012, Ms. Liang was a director and the chief financial officer of HKCTS (China) Investment Limited (港中旅(中國)投資有限公司), one of the largest tourism property developers in mainland China focusing on developing large-scaled scenic spots, hotels, resorts, commercial properties and residential units. Ms. Liang then became an executive director and chief financial officer of Chinalco Mining Corporation International (中鋁礦業國際) from November 2012 to March 2015, which is a resource development company subsequently delisted from the Stock Exchange in March 2017 (previous stock code: 3668). Since May 2015, Ms. Liang has been the chief risk management officer of Shanghai Dajian Assets Management Company Limited (上海大見資產管理有限公司), an asset management company.

Ms. Liang obtained a bachelor’s degree in international accounting and a master’s degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1995 and July 1998, respectively. Ms. Liang was accredited as a Chinese certified public accountant by Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in June 2006.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Liang was a supervisor of Anshan Hejia Beverage Co., Ltd. (鞍山合佳飲料有限公司), a company established in the PRC with limited liability, whose license was revoked on August 23, 2018, as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Ms. Liang confirmed that as of the Latest Practicable Date, no claims have been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Fang Min (方敏), aged 48, was appointed as our independent non-executive Director on November 16, 2020 and is responsible for providing independent advice on the operations and management of our Group.

Mr. Fang has been teaching in the School of Economics of Peking University in the PRC since July 1999 and is now a professor in the School of Economics of Peking University. In September 2005, he was awarded the Second Prize of National Teaching Achievement Award (國家級教學成果獎二等獎) by Ministry of Education of the PRC (中華人民共和國教育部). In May 2009, he received the First Prize of Teaching Achievement Award of Beijing (Higher Education) (北京市教育教學成果(高等教育)一等獎) from the People’s Government of Beijing (北京市人民政府). In May 2017, he received the Excellence Award in Finance Teaching of Cao Fengqi Finance Development Foundation (曹鳳岐金融發展基金金融教學優秀獎) from Cao Fengqi Finance Development Foundation of Peking University (北京大學曹鳳岐金融發展基金).

Mr. Fang obtained his bachelor’s degree and master’s degree in economics from Sichuan University (四川大學) in the PRC in July 1993 and July 1996, respectively. In July 1999, he obtained his doctor’s degree in economics from Remin University of China (中國人民大學) in the PRC. Mr. Fang obtained the Teacher’s Qualification Certificate of PRC (中華人民共和國教師資格證書) from the Education Committee of Beijing (北京市教育委員會) in December 2002.

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 document.

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) or 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

Our senior management is responsible for the day-to-day operations and management of our business. For the biographical information of Mr. Liu Yuhui and Mr. Luo Changlin, see “—Board of Directors—Executive Directors”. Our other senior management members are as follows:

Mr. Xu Chuanhai (徐川海), aged 47, first joined our Group in March 2011 as the general manager of marketing development center of Leading Group where he was responsible for sales management of our Group until March 2012. He rejoined our Group in August 2017 as our vice president and since then he has been responsible for marketing and sales management of our Group.

Mr. Xu has more than 16 years of experience in business management. Prior to joining the Group, from 2003 to 2007, Mr. Xu served as a manager in the sales and marketing department of Chengdu Grand Real Estate Development Co., Ltd. (成都遠大房地產開發有限公司), a company which is principally engaged in property development, pharmaceuticals and healthcare, where he was responsible for the sales and marketing activities of the company. From 2007 to 2008, Mr. Xu worked at Chengdu Gongying Investment Co., Ltd (成都共贏投資有限公司) (now known as Xinjiang Mutual Benefit Equity Investment Co., Ltd. (新疆互利股權投資有限公司)), a company which is principally engaged in private equity investment business. From March 2012 to February 2017, Mr. Xu worked in Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司), a commercial operational service provider, with his last position as the deputy manager of marketing. From February to August 2017, Mr. Xu served as a regional general manager of Guangdong Aoyuan Commercial Real Estate Group Co., Ltd. (廣東奧園商業地產集團有限公司), a commercial properties development company wholly owned by China Aoyuan Group Limited (中國奧園集團股份有限公司), which is a company listed on the Main Board of the Stock Exchange (stock code: 3883).

Mr. Xu obtained a diploma in science and technology records management from Chongqing Institute of Industrial Management (重慶工業管理學院) in the PRC in June 1993. He also obtained a bachelor’s degree in industrial engineer from the University of Electronic Science and Technology of China (電子科技大學) in Chengdu, the PRC in December 2000.

Mr. Liu Ce (劉策) (formerly known as Liu Huan (劉歡)), aged 29, was appointed as our vice president in January 2019 and is primarily responsible for the execution of our business strategies and the management of our real estate projects in Chengdu.

Mr. Liu Ce has over eight years of experience in property development. He joined our Group in October 2011 as a manager of the financing department of our Group for assisting the financing of the projects of our Group. From January 2013 to December 2018, Mr. Liu Ce successively served as a manager and as the chief executive of the investment and development department of our Group and was responsible for overseeing the decision-making process of project investment. Mr. Liu Ce also holds various directorships in our subsidiaries, including the centralized management platform of our Group, Leading Group.

DIRECTORS AND SENIOR MANAGEMENT

From September 2009 to July 2011, Mr. Liu Ce studied in Irvine Valley College in the United States. He also studied in Peking University (北京大學) in the PRC and completed a program on private equity funding and capital operation in May 2017.

Mr. Liu Ce is the nephew of Mr. Liu Yuhui, the chairman of our Board, our executive Director and chief executive officer. He is also the cousin of Mr. Liu Haowei, our vice president and our senior management member and the nephew of Ms. Hou Xiaoping, our executive Director.

Mr. Liu Haowei (劉浩威), aged 27, was appointed as our vice president in January 2019 and is primarily responsible for the execution of our business strategies and the management of our real estate projects in Chongqing.

Mr. Liu Haowei joined our Group in May 2015 as a general manager of Guangdong Leading Real Estate. Since May 2015, Mr. Liu Haowei has been responsible for the daily operation and the overall management and operation of our real estate projects, including those in Zhumadian and Chongqing, playing a key role in our Group’s business expansion in those areas. Mr. Liu Haowei currently holds various directorships in our subsidiaries, including the centralized management platform of our Group, Leading Group, Guangdong Leading Real Estate and Xinjiang Leading Real Estate.

Mr. Liu Haowei obtained a bachelor’s degree in business administration from the University of California, Irvine in the United States in June 2014. He also completed a private equity program in Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC in December 2015 and a capital investment and financing program in Peking University in the PRC in June 2017.

Mr. Liu Haowei is the nephew of Mr. Liu Yuhui, the chairman of our Board, our executive Director and chief executive officer and the cousin of Mr. Liu Ce, our vice president and our senior management member.

JOINT COMPANY SECRETARIES

Mr. Luo Changlin (羅昌林), was appointed as the joint company secretary of our Group on December 16, 2019. See “—Board of Directors—Executive Directors.”

Ms. Mak Po Man Cherie (麥寶文), aged 45, was appointed as the joint company secretary of our Group on December 16, 2019. Ms. Mak is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 15 years of experience in the fields of audit, accounting, corporate finance, compliance and corporate secretarial matters. Ms. Mak holds a master’s degree in corporate governance. She is an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.

DIRECTORS AND SENIOR MANAGEMENT

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.

Audit Committee

Our Group has established the Audit Committee on November 16, 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, Ms. Liang Yunxing, Ms. Jin Xu and Mr. Fang Min, all of whom are our independent non-executive Directors. Ms. Liang Yunxing is the chairperson of the Audit Committee and is our independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but 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 November 16, 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, Ms. Jin Xu, Ms. Liang Yunxing and Mr. Liu Yuhui. Ms. Jin Xu is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but 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 also established the Nomination Committee on November 16, 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. Liu Yuhui, Ms. Jin Xu and Ms. Liang Yunxing. Mr. Liu Yuhui is the chairperson of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make 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 Company recognizes 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. Except for the deviation from code provision A.2.1 of the CG Code, our Company’s corporate governance practices have complied with the code on corporate governance practices. Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of our Board and the chief executive officer of our Company. In view of the fact that Mr. Liu Yuhui is the founder of our Group and has been operating and managing our Group since 1999, our Board believes that it is in the best interest of our Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance.

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 the Board, which can effectively exercise independent judgment.

BOARD DIVERSITY

Our Company recognizes the benefits of having a diversified Board. Our Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of our Group from time to time. In summary, our board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of our Nomination Committee, our Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to our Board, in order to better serve the needs and development of our Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board.

DIRECTORS AND SENIOR MANAGEMENT

After [REDACTED], our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the policy or a summary thereof in our corporate governance report on an annual basis.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid to our Directors for the years ended December 31, 2017, 2018, 2019 and the five months ended May 31, 2020 was approximately RMB2.9 million, RMB3.0 million, RMB3.4 million and RMB1.4 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020.

The aggregate amount of salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare paid to our five highest paid employees who are neither a director nor chief executive of the Company for the years ended December 31, 2017, 2018, 2019 and the five months ended May 31, 2020 was approximately RMB4.8 million, RMB4.9 million, RMB6.1 million and RMB3.7 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 for the years ended December 31, 2017, 2018, 2019 and the five months ended May 31, 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 approximately RMB4.0 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], 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.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Giraffe Capital Limited as our compliance advisor to provide advisory services to our Company. It is expected that the compliance advisor will, amongst other things, advise our Company with due care and skill 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 buy backs;
- where we propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [REDACTED] Issue and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] 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 any other member of our Company:

Name of Shareholder	Nature of Interest	Shares held immediately prior to the completion of the [REDACTED] and the [REDACTED] ⁽¹⁾		Shares held immediately following the completion of the [REDACTED] and the [REDACTED] ⁽¹⁾	
		Number	Approximate Percentage	Number	Approximate Percentage
Mr. Liu Ce ⁽²⁾⁽³⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Yuan Di ⁽²⁾⁽³⁾	Beneficial Owner	16,727 Shares (L)	27.88%	[REDACTED] Shares (L)	[REDACTED]%
Fan Tai ⁽²⁾⁽³⁾	Beneficial Owner	2,970 Shares (L)	4.95%	[REDACTED] Shares (L)	[REDACTED]%
Mr. Liu Yuhui ⁽²⁾⁽⁴⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Yue Lai ⁽²⁾⁽⁴⁾	Beneficial Owner	16,727 Shares (L)	27.88%	[REDACTED] Shares (L)	[REDACTED]%
Jin Sha Jiang ⁽²⁾⁽⁴⁾	Beneficial Owner	2,970 Shares (L)	4.95%	[REDACTED] Shares (L)	[REDACTED]%
Mr. Liu Haowei ⁽²⁾⁽⁵⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Ling Yue ⁽²⁾⁽⁵⁾	Beneficial Owner	16,733 Shares (L)	27.89%	[REDACTED] Shares (L)	[REDACTED]%
Lian Rong ⁽²⁾⁽⁵⁾	Beneficial Owner	2,970 Shares (L)	4.95%	[REDACTED] Shares (L)	[REDACTED]%
Ms. Wang Tao ⁽²⁾⁽⁶⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
San Jiang Yuan ⁽²⁾⁽⁶⁾	Beneficial Owner	101 Shares (L)	0.17%	[REDACTED] Shares (L)	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of Interest	Shares held immediately prior to the completion of the [REDACTED] and the [REDACTED] ⁽¹⁾		Shares held immediately following the completion of the [REDACTED] and the [REDACTED] ⁽¹⁾	
		Number	Approximate Percentage	Number	Approximate Percentage
Ms. Long Yiqin ⁽²⁾⁽⁷⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Fu Sheng ⁽²⁾⁽⁷⁾	Beneficial Owner	101 Shares (L)	0.17%	[REDACTED] Shares (L)	[REDACTED]%
Ms. Hou Sanli ⁽²⁾⁽⁸⁾	Interest in controlled corporation	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Shan Yuan ⁽²⁾⁽⁸⁾	Beneficial Owner	101 Shares (L)	0.17%	[REDACTED] Shares (L)	[REDACTED]%
Ms. Lan Tian (蘭添) ⁽⁹⁾	Interest of spouse	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Mr. Liu Yuqi ⁽¹⁰⁾	Interest of spouse	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%
Mr. Liu Shan ⁽¹¹⁾	Interest of spouse	59,400 Shares (L)	99%	[REDACTED] Shares (L)	[REDACTED]%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after [REDACTED] and to the date when any one of them cease to be our Controlling Shareholders; (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. See “Relationship with Controlling Shareholders—Acting in Concert Deed.” By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan.
- (3) Yuan Di and Fan Tai are wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Yuan Di and Fan Tai.

SUBSTANTIAL SHAREHOLDERS

- (4) Yue Lai and Jin Sha Jiang are wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yue Lai and Jin Sha Jiang.
- (5) Ling Yue and Lian Rong are wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Ling Yue and Lian Rong.
- (6) San Jiang Yuan is wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by San Jiang Yuan.
- (7) Fu Sheng is wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fu Sheng.
- (8) Shan Yuan is wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Shan Yuan.
- (9) Ms. Lan Tian (蘭添), the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.
- (11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

If the [REDACTED] is fully exercised, (i) the interest of each of Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin, Ms. Hou Sanli, Ms. Lan Tian, Mr. Liu Yuqi and Mr. Liu Shan will be approximately [REDACTED]%, (ii) the interest of Ling Yue will be [REDACTED]%, (iii) the interest of each of Yuan Di and Yue Lai will be [REDACTED]%, (iv) the interest of each of Fan Tai, Jin Sha Jiang and Lian Rong will be [REDACTED]%, and (v) the interest of each of San Jiang Yuan, Fu Sheng and Shan Yuan will be [REDACTED]%, in our Shares, respectively.

Except as disclosed in this document, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or Shares which may be issued pursuant to the exercise of any options which 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 Company. 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 [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme):

	<u>Nominal value</u> (HK\$)
Authorized share capital:	
10,000,000,000 Shares of HK\$0.01 each	100,000,000
Issued and to be issued, fully paid or credited as fully paid:	
60,000 Shares in issue as of the date of this document	600
[REDACTED] Shares to be issued pursuant to the [REDACTED]	[REDACTED]
<u>[REDACTED] Shares to be issued under the [REDACTED]</u>	<u>[REDACTED]</u>
<u>[REDACTED] Total</u>	<u>[REDACTED]</u>

ASSUMPTIONS

The above table assumes that the [REDACTED] becomes unconditional and the issue of Shares pursuant to the [REDACTED] and the [REDACTED] are made. It takes no account of any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme or any Shares which may be issued or brought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKINGS

The [REDACTED] 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 document 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 document save for the entitlement under the [REDACTED].

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in “Appendix V—Statutory and General Information—D. Other Information—1. Share Option Scheme.”

SHARE CAPITAL

GENERAL MANDATE TO ISSUE AND ALLOT NEW SHARES

Subject to the [REDACTED] 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 [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] 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 buy back 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.

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 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 “Appendix V—Statutory and General Information—A. Further Information about our Company—5. Written resolutions of our Shareholders passed on November 16, 2020.”

GENERAL MANDATE TO BUY BACK SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back 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 [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme).

This mandate only relates to buy backs 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 “Appendix V—Statutory and General Information—A. Further Information about our Company—7. Buy back by our Company of its own securities.”

SHARE CAPITAL

This general mandate will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within 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 “Appendix V—Statutory and General Information—A. Further Information about our Company—5. Written resolutions of our Shareholders passed on November 16, 2020.”

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 “Appendix IV—Summary of the Constitution of the Company and Cayman Islands Company Law.”

FINANCIAL INFORMATION

You should read the following discussion and analysis of our consolidated financial information together with the accompanying notes, set forth in the Accountant’s Report included as Appendix I to this document. Our financial information is prepared in accordance with IFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants’ Report included as Appendix I to this document and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risk and uncertainties. Our actual results reported in future periods could differ materially from those discussed in such forward-looking statements. Factors that could cause or contribute to such differences include those discussed in the sections entitled “Risk Factors” and “Business” and elsewhere in this document.

OVERVIEW

We are a property developer with a leading market position among the Sichuan-based property developers and a nationwide presence. We were recognized as one of the “Best 100 of China Real Estate Developers (中國房地產開發企業100強)” in 2020 in terms of comprehensive capabilities according to China Real Estate Industry Association (中國房地產業協會). In addition, we were recognized as one of the “China TOP 100 Real Estate Developers (中國房地產百強企業)” for four consecutive years starting from 2017 in terms of comprehensive capabilities, and ranked the 72nd in 2020, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Among the six Sichuan-based property developers included in the “China TOP 100 Real Estate Developers (中國房地產百強企業)” in 2020, we ranked the third. We were also among the “TOP10 Brand of West China Real Estate Companies (中國西部房地產公司品牌價值TOP10)” in terms of brand value for three consecutive years starting from 2017, and ranked the fourth, the second and the second in 2017, 2018 and 2019, respectively, according to China Real Estate TOP10 Research (中國房地產TOP10研究組). Over the past 20 years, we have established our nationwide presence focusing on Chengdu-Chongqing Economic Zone (成渝經濟帶) and Sichuan province, Central China (華中), Beijing-Tianjin-Hebei Region (京津冀地區) and Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), with projects located in more than 20 cities in China.

We primarily focus on providing quality residential properties to home upgraders. In addition to residential properties, we also develop commercial properties, including office buildings, shopping blocks, commercial complexes and apartments, and operate hotels. We have developed a diversified product portfolio of 11 series as of September 30, 2020, namely: our Landmark series (中心系), which offers premium commercial properties typically located in the central business area of provincial capitals or sub-provincial cities, Guan series (觀字系) typically located on scenic sites, Lan series (蘭字系) and Tian series (天字系), both of which offer premium residential properties, Kaixuan series (凱旋系), typically located in locations which are expected to become city centers in the near future, Cultural series (文旅系), which offers vacation homes located on scenic sites, Yue series (悅字系), which offers modern designs to cater to young property purchasers who wish to

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upgrade their living environment, Commerce series (商業系), which features thematic commercial streets, pedestrian zones and catering places, Condo series (公寓系), which features smart home systems and housekeeping services, Industry series (產城系), which features a community developed by us typically involving office buildings, shopping malls, healthcare facilities, urban parks and K12 international school(s), and Harmony series (特色小鎮) which offer historical and cultural resort(s) located in ancient towns. In addition, we also developed Haina series (海納系) during the Track Record Period, but we have updated our product series and do not plan to develop new property projects under the Haina series going forward. Our product design capabilities have brought us various awards. Our Chengdu International Finance Center (成都環球金融中心) was awarded “China Construction Engineering Luban Prize(National Prime-quality Project) (中國建設工程魯班獎(國家優質工程))” in 2019. Our Meishan Leading Kaixuan Landscape (眉山領地凱旋地景), which belongs to our Kaixuan series and was completed in December 2008, was awarded China Architecture Engineering Zhantianyou Excellent Residential Community Gold Award (中國土木工程詹天佑優秀住宅小區金獎)” in 2011.

As of September 30, 2020, the total land bank attributable to us was 16,567,700 sq.m., including saleable GFA unsold and GFA sold but not yet delivered attributable to us of 613,677 sq.m., properties under development with an aggregate planned GFA attributable to us of 9,596,373 sq.m., and properties held for future development with an aggregate estimated GFA attributable to us of 6,357,650 sq.m. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, our revenue amounted to RMB5,338.6 million, RMB4,513.9 million, RMB7,568.2 million, RMB1,077.5 million and RMB3,027.8 million, respectively. Our net profit amounted to RMB649.0 million, RMB517.7 million, RMB672.3 million and RMB166.1 million for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. We recorded net loss of RMB9.3 million for the five months ended May 31, 2019, primarily because the revenue we recorded was not enough to cover costs and expenses we incurred in this period due to the delivery schedule. Due to the nature of the property development business, there is typically an extended lead time between the commencement of the property development and revenue recognition. We recorded a net profit for the entire year of 2019.

BASIS OF PRESENTATION

We were incorporated as an exempted company with limited liability under the laws of Cayman Islands on July 15, 2019. Pursuant to the Reorganization as disclosed in “History, Reorganization and Corporate Structure—Reorganization,” our Company became the holding company of the companies now comprising our Group on December 9, 2019. The Reorganization involved only the insertion and a series of equity transfers of our Group as a new holding entity above an existing company and has not resulted in any change of economic substance. The historical financial information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interest method.

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Accordingly, the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as of December 31, 2017, 2018 and 2019 and May 31, 2020 present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates. All intra-Group transactions and balances have been eliminated on consolidation in full.

The IASB has issued a number of new or revised IFRSs which are relevant to our Group and became effective during the Track Record Period. For the purpose of preparing and presenting the historical financial information, we have consistently adopted IFRS 9 *Financial Instruments*, which is effective for annual periods beginning on or after January 1, 2018, IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after January 1, 2018, and IFRS 16 *Leases* effective for annual periods beginning on or after January 1, 2019.

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 Growth and the State of Real Estate Market in the PRC

Economic growth, urbanization and rising disposable income in China have been the key drivers behind increasing market demand for residential and commercial properties. Currently, the real estate industry is regarded by the PRC government as one of the country’s pillar industries, it is significant dependent on overall economic growth, in particular, the cities and regions where we operate and intend to operate are especially important to our sales and profitability. As such, this factor will continue to have a significant impact on our business and results of operations. In addition, our results of operations are primarily subject to the performance of the PRC’s real estate market, in particular, the supply and demand for residential and commercial properties and pricing trends of mid to high-end residential properties as well as residential properties for first-time purchasers in the cities and regions where we operate. Any general economic downturn or downturn in the real estate market, particular in the cities and regions where we operate, could adversely affect our business, results of operations and financial position. See “Risk Factors—Risks Relating to Doing Business In China—We are vulnerable to adverse changes in economic, political and social conditions and government policies in China.”

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Regulatory Environment and Measures Affecting the Real Estate Industry in China

Our business has been, and will continue to be, affected by the regulatory environment in China, including, specifically, policies and measures adopted by the PRC government on the property development and related industries. In recent years, the PRC government has implemented a series of measures to contain the pace of economic growth, particularly the perceived over-heating in the real estate market. While the PRC government may still regard the real estate industry as important, it has taken restrictive measures to discourage speculation and increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the property sector through regulating, among others, land grants, pre-sales of properties, bank and other financing, mortgage and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business. The PRC government may introduce initiatives, which may affect our access to capital and the means through which we finance our property developments.

Since the first half of 2010, in response to the rising property prices across the country, the PRC government announced new policies, adopted new measures to curtail speculation in the property market, and imposed more stringent requirements on the payment of land premiums by property developers. These policies include the abolishment of certain preferential treatment in respect of business tax payable upon transfer of residential properties, increased minimum down-payment for mortgage loans, more stringent requirements on the payment of land premium, further limits on the number of residential properties one household can buy, a trial property tax scheme in Shanghai and Chongqing and a 20% capital gains tax on residential property re-sales. More recently, the property market in the PRC witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales, and many local government have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. PRC regulatory measures in the real estate industry will continue to affect our business. See “Risk Factors—Risks Relating to the Property Industry in China” and “Regulatory Overview.”

Revenue and Change in Product Mix

We derive our revenue principally from the sale of properties that we developed, including residential, commercial properties, and car parks. As we recognize revenue from sale of properties upon their delivery when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time, our revenue primarily depends on the volume of properties we sell, the prices at which we make the sales and the timing of delivery of sold properties to purchasers. The volume of properties we sell and the timing of delivery of sold properties depend on the progress on the construction of our properties and the market response we obtain when we launch our property sales. Revenue from sale of properties fluctuate based on the levels of actual completion of construction and delivery of our properties and therefore may vary significantly from period to period. Our revenue may fluctuate because of the mix of our projects and the timing of recognition

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of revenue from pre-sales of units in our development properties. While we generally are involved in a number of projects at any given time and those projects may be at varying stages of completion, many of our projects are large and thus necessarily require substantial time to complete. Accordingly, even assuming a constant level of market demand for our properties, the number of properties that we have available for sale can vary significantly from period to period.

The average selling prices per sq.m. and the gross profit margin of our property products vary by the type of properties we develop and sell. Our product mix varies from period to period based on a number of factors, including government-regulated plot ratios, project locations, land size and cost, market conditions and our development planning. We adjust our product mix from time to time but may nonetheless be unable to maintain or increase the average selling prices or gross profit margin, which would materially and adversely affect our profitability.

Pre-sale

Our ability to sell properties prior to completion, known as the pre-sale of properties, constitutes the most important source of our operating cash inflow during project development. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sale imposed by the PRC government, market demand for our properties subject to pre-sale and the number of properties we have available for pre-sale. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and regulations. See “Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to pre-sales.” In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. As a result of the time differences between costs incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

Construction Costs

A key component of our cost of sales is construction costs. Construction costs are affected by the price of certain key construction materials, such as steel and cement, as well as labor costs. Most building construction materials, including steel and cement, are procured by our contractors. We typically designate the brands and quality requirements of these construction materials in our construction agreements. In most of our construction agreements, the contract price will be adjusted if the market price of such materials fluctuates beyond a certain threshold, and we, as a result, will bear the risks or enjoy the benefits associated with such price increases or decreases outside this range. We can pass the increases in construction material costs to our customers only to the extent that we are able to increase the prices of our properties and therefore bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

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In addition, our results of operations are affected by labor costs, directly on our staff cost and indirectly on our contractors’ staff cost. In general, labor costs in the PRC have been increasing in recent years. Increases in labor costs will continue to have an impact on our results of operations.

Availability and Cost of Financing

Financing is an important source of funding for property development. During the Track Record Period, we financed our operations primarily through internally generated cash flow from the pre-sale of our properties, as well as external financings, such as borrowings from banks, as well as trust and other financing arrangements. The monetary regulations imposed by the PRC government from time to time may affect our access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs. In addition, as of May 31, 2020, we had 20 outstanding financing arrangements with trust financing providers, asset management companies and other financial institutions which usually have a greater flexibility in terms of fund availability and repayment. Subsequent to May 31, 2020 and as of September 30, 2020, we repaid four trust financing arrangements and entered into four new trust financing arrangements with trust financing companies and asset management companies. While trust financing providers, asset management companies and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers, asset management companies and other financial institutions are required to adopt when considering applications for trust financing and remedial actions that they are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may significantly impact our real estate development business.

As of December 31, 2017, 2018 and 2019 and May 31, 2020, our total outstanding bank and other borrowings (including trust and other financing) amounted to RMB3,585.9 million, RMB7,853.8 million, RMB11,755.2 million and RMB15,176.3 million, respectively, and the weighted average effective interest rates on our outstanding bank and other borrowings as of the same dates was 6.4%, 8.8%, 9.9% and 9.2%, respectively. We may from time to time in the future obtain further funding by accessing both the international and domestic capital markets, including but not limited to the issuance of corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and to support our business expansion. In addition, a significant portion of our finance costs are capitalized at the time it is incurred to the extent

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such costs are directly attributable to the land acquisition and project construction. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

LAT

All income from the sale 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% to 60% of the appreciated value of the property, which is calculated by deducting from the gross sales proceeds the cost associated with the property development and certain other deductibles. See “Regulatory Overview—Taxes—Land Appreciation Tax (LAT).” For each of this period, we assessed the difference between the amount we prepaid and our estimated LAT liability. In 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we recorded LAT expenses in the amount of RMB169.9 million, RMB251.1 million, RMB218.3 million, RMB14.4 million and RMB153.5 million, respectively. 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.

CERTAIN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

Our Group has identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our significant accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in Note 2.4 to the Accountants’ Report included in Appendix I to this document.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of significant accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

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Early Adoption of IFRS 9, IFRS 15 and IFRS 16

The IASB has issued a number of new or revised IFRSs which are relevant to our Group and became effective during the Track Record Period. For the purpose of preparing and presenting the historical financial information, we have consistently adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 Clarifications to IFRS 15 *Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after January 1, 2018 replacing IAS 39 *Financial Instruments*, IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations, respectively, and IFRS 16 *Leases* effective for annual periods beginning on or after January 1, 2019 replacing IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, to our consolidated financial statements throughout the Track Record Period.

The impacts of the IFRS 9, IFRS 15 and IFRS 16 on our historical financial information are as follows.

Impact of IFRS 9 and IFRS 15 on our financial position and performance

We had adopted IFRS 9 and IFRS 15 on a consistent basis throughout the Track Record Period, without applying IAS 39 and IAS 18. Therefore, there is no direct comparison between our financial position or performance by adopting IFRS 9 and IFRS 15 and our financial position or performance by adopting IAS 39 and IAS 18. It is mandatory to apply IFRS 9 and IFRS 15 for the periods beginning on or after January 1, 2018. Early application is permitted.

If we had applied IAS 39 and IAS 18 for the year ended December 31, 2017, the estimated impact on our financial position as of December 31, 2017 and financial performance for the year then ended affected by the adoption of IFRS 9 and IFRS 15 is as follows:

	Amounts without the adoption of IFRS 9 and IFRS 15 RMB'000	Effects of the adoption of IFRS 9 RMB'000	Effects of the adoption of IFRS 15 RMB'000	Amounts as reported RMB'000
Net profit/(losses) for the year				
Year ended December 31, 2017 . . .	585,073	(16,357)	80,237	648,953
Total equity				
Year ended December 31, 2017 . . .	4,273,804	(16,566)	104,083	4,361,321

Taking into account the impact disclosed above, the Directors consider that the adoption of IFRS 9 and IFRS 15 had insignificant impact on our financial position as of December 31, 2017 and the financial performance for the year then ended.

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Impact of IFRS 16 on our financial position and performance

We had adopted IFRS 16 on a consistent basis throughout the Track Record Period, without applying IAS 17. Therefore, there is no direct comparison between our financial position or performance by adopting IFRS 16 and our financial position or performance by adopting IAS 17. It is mandatory to apply IFRS 16 for the periods beginning on or after January 1, 2019. Early application is permitted.

The adoption of IFRS 16 had insignificant impact on our ratios, our financial position and our financial performance for the years ended December 31, 2017 and 2018.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expect to be entitled in exchange for those goods or services.

Revenue is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if our performance (i) provides all of the benefits received and consumed simultaneously by the customer; (ii) creates and enhances an asset that the customer controls as we perform; or (iii) does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the purchaser obtains control of the asset.

Sale of properties

Revenue from sale of properties is recognized over time when our performance under the sales contract does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date; otherwise revenue from sale of properties is recognized at point in time.

The progress towards complete satisfaction of the performance obligation is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

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 we have the present right to payment and the collection of the consideration is probable.

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In determining the transaction price, we adjust the promised amount of consideration for the effect of financing component if it is significant.

- (i) Details of the arrangements under the property sales contracts from which the revenue was recognized over time

Our property sales contract is in standard form. With respect to a standard property sales contract under which our customer is required to make full payment at the inception the contract, we are required to complete the development and delivery of the property according to the contract. We are also restricted from re-selling the property to another customer provided that the customer does not default. Our customer may also terminate the contract if we fail to develop and deliver the property according to the terms of the contract. We are deemed to fail to develop and deliver the property if (i) the actual GFA is less than the estimated GFA as set forth in the sales contracts by more than 3%; (ii) the layout of the property is different from the floor plan or that the measurements are beyond normal deviation and no provision is contained in the contract for dealing with such issues, if the contract price is set by each property unit; (iii) the foundation and main structure of property fails the inspection by the relevant authority or there are other defects which seriously affect the normal living and use of the property even after replacement and repair; (iv) late delivery of the property for a period longer than that allowed under the contract; (v) our customer cannot obtain the property ownership certificate within a period specified by the contract due to reasons on our part; or (vi) we change the planned use, GFA, plot ratio, greenery area, general facilities, public services and other facilities without the consent of our customer. Our customer is not allowed to return the property or terminate the contract under other circumstances, i.e. for reasons not caused by our defaults as specified under the contract.

- (ii) Applicability of the recognition of revenue over time for the property sales contract under which our customer is required to make full payment at the inception of the contract

IFRS 15 requires that, if a contract satisfies any one or more of the criteria in IFRS 15.35, then revenue from that contract must be recognized over time as the developer performs. IFRS 15.35 states that an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs;
- (b) the entity’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the entity’s performance does not create an asset with an alternative use and the entity has an enforceable right to payment for performance completed to date.

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We are of the view that the sales contract under which our customer is required to make full payment at the inception of the contract has met criterion (c) because (i) the specified apartment unit that is being created to have no alternative use to us other than being sold to our customers under our standard property sales contracts; and (ii) we have enforceable right to payment for performance completed to date under our standard property sales contracts.

(iii) Analysis on criterion (c)(i) that the specified apartment unit that is being created to have no alternative use to the developer;

From the time of entering into the property sales contract, we are contractually restricted from re-selling the apartment unit to another customer provided that the customer does not default. We are also practically restricted from substituting another apartment unit without the customer’s consent, as each apartment will be uniquely identified, such as “apartment B on the 16th floor of Block A.” It is clear that, contractually, the specified apartment unit that is being created has no alternative use to us, once the contract is executed. Accordingly, we concluded that the criterion (c)(i) for recognizing revenue over time is met.

(iv) Analysis on criterion (c)(ii) that the developer to have enforceable right to payment for performance completed to date.

In assessing whether we have an enforceable right to payment for its sales contracts, we have reviewed the terms of our property sales contracts, the applicable laws and regulations, the local regulatory authority’s views, obtained legal counsel’s opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict us to enforce its right to payment for specific performance.

With respect to the property sales contract under which our customer is required to make full payment at the inception of the contract, our obligation is to complete construction of the property within a specified period of time and notify the customer that we are in a position to deliver the property and to assign legal title to the property within a certain period of time after the physical completion of the building, the customer does not have the right to terminate the contract unless we fail to perform as promised, we will have the right to all of the consideration promised in the contract if we complete the construction of the unit, therefore, we have an enforceable right to all of the consideration promised under the contract if we continue to perform as promised and transfer to the customer the apartment unit promised in the contract.

With respect to the property sales contract under which our customer is required to make full payment at the time of execution of the contract, the customer has fulfilled all the obligation on payment, all the consideration has been paid in advance of the completion of the whole building. The contract provision, under which our customer is required to make full payment at the time of execution of the contract, give us an enforceable right to payment for performance completed to date at all times throughout the contract from the date of contract execution.

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Accordingly, we concluded that criterion (c)(ii) for recognizing revenue over time is met.

Hotel operations

Revenue from hotel operations is recognized in the accounting period in which the services are rendered.

Revenue from other sources

Interest income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue from commercial property operations

Revenue from commercial property operations is recognized on a time proportion basis over the lease terms.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn revenue 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 periods during the Track Record Period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of the retirement or disposal.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

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Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient, we initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories: (i) financial assets at amortized cost (debt instruments); and (ii) financial assets at fair value through profit or loss.

(i) Financial assets at amortized cost (debt instruments)

This category is the most relevant to us. We measure financial assets at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Our financial assets at amortized cost includes trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies.

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(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Impairment of financial assets

We recognized an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect 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.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which we have received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before we transfer goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when we perform under the contract.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized when, and only when, we become a party to the contractual provisions of the financial instruments. We determine the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process. The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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 amortization is included in finance costs in profit or loss.

(ii) Financial guarantee contracts

Financial guarantee contracts issued by our Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, we measure the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets;” and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amount is recognized in profit or loss.

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DESCRIPTION OF CERTAIN LINE ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statement of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Continuing Operations					
Revenue	5,338,629	4,513,903	7,568,164	1,077,456	3,027,834
Cost of sales	(4,266,146)	(2,903,916)	(5,465,778)	(741,459)	(2,052,713)
Gross profit	1,072,483	1,609,987	2,102,386	335,997	975,121
Other income and gains	11,397	59,693	44,826	7,255	17,737
Selling and marketing expenses	(224,001)	(409,132)	(400,004)	(107,432)	(148,328)
Administrative expenses	(158,894)	(349,598)	(532,747)	(152,702)	(213,542)
Other expenses	(24,980)	(68,322)	(13,667)	(14,354)	(13,192)
Fair value gains on investment properties	490,798	295,121	160,840	91,100	(38,138)
Finance costs	(83,831)	(127,269)	(230,381)	(62,656)	(115,148)
Share of profits and losses of:					
Joint ventures	(5,185)	(32,696)	3,758	(34,948)	(39,411)
Associates	(5,000)	(12,549)	(7,046)	(10,596)	(8,190)
Profit before tax from continuing operations	1,072,787	965,235	1,127,964	51,664	416,909
Income tax expense	(399,898)	(464,277)	(477,711)	(55,330)	(250,782)
Profit/loss for the year from continuing operations	<u>672,890</u>	<u>500,958</u>	<u>650,253</u>	<u>(3,666)</u>	<u>166,127</u>
Profit/(loss) for the year from discontinued operations	(23,936)	16,733	14,036	(5,585)	—
Profit/loss for the year/period	<u>648,953</u>	<u>517,691</u>	<u>672,313</u>	<u>(9,251)</u>	<u>166,127</u>
Other comprehensive income for the year/period	—	—	—	—	—
Total comprehensive income/loss for the year/period	<u>648,953</u>	<u>517,691</u>	<u>672,313</u>	<u>(9,251)</u>	<u>166,127</u>
Attributable to:					
Owners of the parent	613,860	420,886	544,825	(51,772)	184,582
Non-controlling interests	35,093	96,805	127,488	42,521	(18,455)

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Revenue

Our revenue during the Track Record Period was primarily generated from sale of properties, with a relatively small portion from commercial property operations and, to a lesser extent, hotel operations and project management. The following table sets forth a breakdown of our revenue by business line for the periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2017		2018		2019		2019		2020	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
							(Unaudited)			
Sale of properties	5,304,782	99.4	4,454,504	98.68	7,452,435	98.5	1,030,587	95.7	2,984,811	98.58
Commercial property operations . .	28,519	0.5	51,417	1.14	70,876	0.9	30,287	2.8	29,157	0.96
Hotel operations	5,328	0.1	6,239	0.14	37,102	0.5	10,827	1.0	9,058	0.30
Project management	—	—	1,743	0.04	7,751	0.1	5,755	0.5	4,808	0.16
Total	5,338,629	100.0	4,513,903	100.0	7,568,164	100.0	1,077,456	100.0	3,027,834	100.0

Sale of properties

Revenue from sale of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our revenue from sale of properties for any given period are dependent upon the recognized GFA and the ASP thereof during such period. See “—Key Factors Affecting Our Results of Operations—Revenue and Change in Product Mix.” Most of our revenue from sale of properties is recognized upon delivery of the relevant property. During the Track Record Period, the fluctuation of our GFA recognized was primarily as a result of our construction schedule and the size of each project we developed. The fluctuation of the ASP of the GFA recognized was primarily as a result of condition of the local markets where we developed the projects, which was in turn affected by the level of local economic development and local demands. The ASP of the GFA recognized was also affected by the types of the properties. In general, the ASP of the commercial properties was higher than the ASP of the residential properties we developed during the Track Record Period.

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The table below sets forth a breakdown of our revenue from sale of properties recognized at a point in time or over time by property type for 2017, 2018, 2019 and the five months ended 2019 and 2020:

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
				(unaudited)	
Residential					
Recognized at a point in time	3,011,638	1,288,037	3,530,736	223,778	1,675,308
Recognized over time	204,083	771,880	1,629,740	463,785	759,934
Subtotal.	3,215,721	2,059,917	5,160,476	687,563	2,435,242
Commercial					
Recognized at a point in time	1,708,083	1,527,722	1,253,304	131,677	204,114
Recognized over time	149,247	334,058	398,965	161,073	272,837
Subtotal.	1,857,330	1,861,780	1,652,269	292,750	476,951
Car parks					
Recognized at a point in time	195,616	366,782	428,273	15,419	18,329
Recognized over time	36,115	166,025	211,417	34,855	54,289
Subtotal.	231,731	532,807	639,690	50,274	72,618
Total	5,304,782	4,454,504	7,452,435	1,030,587	2,984,811

Revenue from sale of properties is recognized over time when our performance under the sales contract does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date; otherwise revenue from sale of properties is recognized at point in time.

We are of the view that with respect to the sales contract under which our customer is required to make full payment at the inception of the contract, the specified apartment unit that is being created to have no alternative use to us other than being sold to our customers under our standard property sales contracts, and we have enforceable right to payment for performance completed to date under our standard property sales contracts. Accordingly, we recognized revenue over time from sale of properties under the sales contracts which required our customers to make full payment at the inception of the contracts, by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

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 we have the present right to payment and the collection of the consideration is probable.

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See “—Certain Significant Accounting Policies and Accounting Estimates and Judgments—Revenue recognition—Revenue from contracts with customers—Sale of properties” for more details.

The following table sets forth the revenue from sale of properties and ASP by cities for the periods indicated.

	For the year ended December 31,									Five months ended May 31,					
	2017			2018			2019			2019			2020		
	GFA			GFA			GFA			GFA			GFA		
	Revenue	recognized ⁽¹⁾	ASP	Revenue	recognized	ASP	Revenue	recognized	ASP	Revenue	recognized	ASP	Revenue	recognized	ASP
	(in RMB'000)	(sq.m.)	(in RMB per sq.m.)	(in RMB'000)	(sq.m.)	(in RMB per sq.m.)	(in RMB'000)	(sq.m.)	(in RMB per sq.m.)	(in RMB'000)	(sq.m.)	(in RMB per sq.m.)	(in RMB'000)	(sq.m.)	(in RMB per sq.m.)
	(unaudited)														
Chengdu	1,646,482	152,140	10,822	2,120,394	182,014	11,650	874,806	90,098	9,710	420,267	40,875	10,282	735,085	69,970	10,506
Chengde	—	—	—	25,770	3,302	7,804	74,900	8,036	9,321	27,595	2,903	9,506	70,296	8,620	8,155
Foshan	1,058,721	123,527	8,571	245,182	24,769	9,899	86,620	12,041	7,194	1,512	624	2,423	23,931	2,525	9,476
Kaili	—	—	—	—	—	—	—	—	—	—	—	—	2,853	562	5,077
Korla	291,397	61,530	4,736	458,157	103,099	4,444	573,516	122,167	4,695	29,711	7,205	4,124	58,694	11,479	5,113
Leshan	78,897	14,651	5,385	400,872	72,328	5,542	667,442	106,388	6,274	147,226	19,424	7,579	144,412	22,167	6,515
Meishan	291,943	51,079	5,716	516,338	88,656	5,824	906,945	128,465	7,060	103,152	9,729	10,602	988,176	119,444	8,273
Mianyang	—	—	—	36,689	4,016	9,135	213,577	24,467	8,729	60,776	7,096	8,565	75,716	10,112	7,488
Panzhihua	—	—	—	452	69	6,553	60,539	8,284	7,308	12,877	1,852	6,953	73,271	10,405	7,042
Urumqi	—	—	—	1,060	120	8,861	36,079	4,251	8,487	4,112	464	8,870	19,039	2,584	7,368
Xichang	1,114,592	124,113	8,980	350,335	26,304	13,319	2,293,562	178,993	12,814	144,942	9,894	14,650	194,428	16,095	12,080
Ya'an	16,983	1,261	13,466	84,792	10,716	7,913	524,126	62,630	8,369	25,335	3,544	7,150	475,424	63,443	7,494
Changchun	805,766	125,410	6,425	214,461	24,554	8,734	894,191	107,577	8,312	29,910	4,849	6,168	1,577	124	12,685
Huizhou	—	—	—	—	—	—	40,350	4,019	10,039	11,650	1,194	9,753	24,435	2,178	11,220
Shanwei	—	—	—	—	—	—	5,795	942	6,154	1,756	258	6,809	3,124	579	5,395
Shangqiu	—	—	—	—	—	—	2,634	500	5,267	284	42	6,762	1,004	188	5,347
Chongqing	—	—	—	—	—	—	—	—	—	—	—	—	3,337	265	12,597
Zunyi	—	—	—	—	—	—	—	—	—	—	—	—	2,670	250	10,680
Zhumadian	—	—	—	—	—	—	43,234	7,646	5,655	4,845	817	5,929	28,374	4,988	5,688
Jingzhou	—	—	—	—	—	—	101,968	13,754	7,414	—	—	—	27,171	3,479	7,811
Nanchong	—	—	—	—	—	—	52,154	5,583	9,342	4,637	539	8,597	31,794	3,589	8,858
Total	<u>5,304,782</u>	<u>653,711</u>	8,115	<u>4,454,504</u>	<u>539,947</u>	8,250	<u>7,452,435</u>	<u>885,841</u>	8,413	<u>1,030,587</u>	<u>111,309</u>	9,259	<u>2,984,811</u>	<u>353,047</u>	8,454

- (1) We recognize revenue generated from sale of properties using two approaches. In the case of mortgage loan payment, revenue from sale of properties is recognized at a point in time when the relevant property is delivered. Where the property purchaser pays in full, we recognize revenue over time in accordance with our construction progress of the relevant property. As such, we generally refer to GFA in relation to our recognized revenue as “recognized GFA.”

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The following table sets forth the revenue from sale of properties, GFA recognized and ASP by key regions for the periods indicated.

	For the year ended December 31,									For the five months ended May 31,					
	2017			2018			2019			2019			2020		
	GFA			GFA			GFA			GFA			GFA		
	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)
Beijing-Tianjin-Hebei Region (京津冀地區)	—	—	—	25,770	3,302	7,804	74,900	8,036	9,321	27,595	2,903	9,506	70,296	8,620	8,155
Central China (華中)	—	—	—	—	—	—	147,835	21,900	6,750	5,128	859	5,970	56,548	8,655	6,534
Chengdu-Chongqing Economic Zone (成渝經濟帶)															
and Sichuan province	3,148,898	343,245	9,174	3,509,872	384,103	9,138	5,593,151	604,908	9,246	919,213	92,953	9,889	2,721,644	315,491	8,627
Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)	1,058,721	123,527	8,571	245,182	24,769	9,899	132,765	17,002	7,809	14,918	2,076	7,185	51,490	5,282	9,748
Others ⁽¹⁾	1,097,163	186,940	5,869	673,679	127,772	5,272	1,503,785	233,995	6,427	63,733	12,518	5,091	84,832	15,000	5,656
Total	5,304,782	653,711	8,115	4,454,504	539,947	8,250	7,452,435	885,841	8,413	1,030,587	111,309	9,259	2,984,811	353,047	8,454

Note:

- (1) Others include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province and Xuzhou of Jiangsu province, which are not in our key regions.

The following table sets forth the revenue from sale of properties and ASP by type of properties for the periods indicated.

	For the year ended December 31,									For the five months ended May 31,					
	2017			2018			2019			2019			2020		
	GFA			GFA			GFA			GFA			GFA		
	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)	Revenue (in RMB'000)	recognized (sq.m.)	ASP (in RMB per sq.m.)
Residential	3,215,720	471,534	6,820	2,059,917	316,799	6,502	5,160,478	638,876	8,077	687,563	71,798	9,576	2,435,242	299,089	8,142
Commercial ⁽¹⁾	1,857,330	152,983	12,141	1,861,780	153,004	12,168	1,652,268	157,412	10,496	292,750	30,160	9,706	476,951	47,035	10,140
Car parks	231,732	29,194	7,938	532,807	70,144	7,596	639,689	89,553	7,143	50,274	9,350	5,377	72,618	6,923	10,489
Total	5,304,782	653,711	8,115	4,454,504	539,947	8,250	7,452,435	885,841	8,413	1,030,587	111,309	9,259	2,984,811	353,047	8,454

Note:

- (1) Our commercial properties for sale consist of office buildings and commercial blocks, which typically have higher ASP as compared with residential properties, as well as apartments, which generally have lower ASP compared with residential properties and other types of commercial properties.

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The table below sets forth a sensitivity analysis for our recognized ASP, illustrating, for the periods indicated, their impact on our profit before taxation if our recognized ASP had been 5% higher or lower, assuming all other variables remained constant.

	<u>For the year ended December 31,</u>			<u>Five months ended May 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(RMB'000, except for percentages)				
Increased/(decreased) in profit before taxation					
If recognized ASP has been 5% higher	265,239	222,725	372,622	51,529	149,241
As a percentage of profit before taxation	25.0%	23.0%	33.0%	99.7%	35.8%
If recognized ASP has been 5% lower	(265,239)	(222,725)	(372,622)	(51,529)	(149,241)
As a percentage of profit before taxation	(25.0%)	(23.0%)	(33.0%)	(99.7%)	(35.8%)

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Commercial property operations

Commercial properties we hold for commercial property operations comprise (i) investment properties, which contribute a significant portion of our revenue from commercial property operations and are held for investment purposes only, and (ii) saleable commercial properties unsold, which are leased out for rental income and held for sale as well. The following table sets forth a breakdown of the revenue from, the occupancy rates of, and the average rents of our commercial properties held for commercial property operations.

Reference to property valuation report	Project	Types	For the year ended December 31,				For the five months ended May 31,			
			2017		2018		2019		2020	
			Revenue	Occupancy rate ⁽¹⁾	Average rent	Revenue	Occupancy rate ⁽¹⁾	Average rent	Revenue	Occupancy rate ⁽¹⁾
			(RMB'000)	(%)	(RMB per sq.m. per year)	(RMB'000)	(%)	(RMB per sq.m. per year)	(RMB'000)	(RMB per sq.m. per year)
Investment properties:										
No. 2	Chengdu Leading Center (成都领御中心)	Commercial and office buildings	—	—	—	6,615	20.8%	283	563	31.9%
No. 3	Chengdu International Finance Center (成都环球金融中心)	Commercial and office buildings	1,045	12.5%	277	5,100	85.5%	197	427	81.7%
No. 30	Jilin International Trade Center (吉林国际贸易中心)	Commercial	1,542	61.0%	55	13,864	95.0%	299	384	93.6%
No. 39	Leshan Amazon (乐山亚马逊 ⁽²⁾)	Commercial	2,943	100.0%	218	476	100.0%	130	203	40.2%
No. 40	Leshan Time Square (乐山时代广场)	Commercial	8,833	100.0%	265	9,679	100.0%	284	315	100.0%
No. 41	Portions of Leshan Amazon and Time Square (乐山亚马逊及时代广场部分物業) ⁽³⁾	Commercial	—	—	—	263	100.0%	27	73	100.0%
Subtotal			14,363	63.9%	182	35,997	59.9%	252	412	65.8%
									26,866	62.6%
									440	66.4%
									26,627	66.4%

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Reference to property valuation report	Project	Types	For the year ended December 31,						For the five months ended May 31,					
			2017			2018			2019			2020		
			Revenue	Occupancy rate ⁽¹⁾	Average rent	Revenue	Occupancy rate ⁽¹⁾	Average rent	Revenue	Occupancy rate ⁽¹⁾	Average rent	Revenue	Occupancy rate ⁽¹⁾	Average rent
			(RMB'000)	(%)	per sq.m. per year	(RMB'000)	(%)	per sq.m. per year	(RMB'000)	(%)	per sq.m. per year	(RMB'000)	(%)	per sq.m. per year
Saleable commercial properties unsold:														
No. 10	Chengdu Haina Shidai (成都海峽時代)	Commercial	523	21.8%	104	947	80.2%	95	425	38.0%	52	74	23.0%	56
No. 19	Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館)	Commercial	971	63.9%	98	1,017	69.0%	95	277	100.0%	59	—	—	—
No. 24	Korla Leading Kaixuan Mansion (庫爾勒領地凱旋公館)	Commercial	1,827	66.0%	91	3,088	74.4%	136	2,087	30.8%	229	340	52.0%	155
No. 42	Leshan Haina Mansion (樂山海峽公館)	Commercial	361	28.0%	142	529	35.1%	166	229	39.6%	85	76	45.0%	121
No. 46	Leshan International Mansion (樂山國際公館)	Commercial	44	15.5%	110	133	28.9%	181	135	51.1%	184	60	50.0%	191
No. 48	Meishan Kaixuan International Mansion (眉山凱旋國際公館)	Commercial	1,877	73.2%	178	2,205	50.3%	153	2,010	39.9%	139	1,023	50.3%	170
No. 49	Meishan Kaixuan Square (眉山凱旋廣場)	Commercial	3,786	70.8%	218	4,043	70.2%	235	3,905	47.9%	253	1,399	45.2%	248
No. 51	Meishan Kaixuan International Mansion Phase II (眉山凱旋國際公館二期)	Commercial	—	—	—	—	—	—	87	77.0%	341	77	45.8%	725
No. 56	Foshan Haina Longting (佛山海峽龍庭)	Commercial	464	39.6%	2169	275	68.9%	738	118	36.5%	317	18	38.0%	119
No. 57	Foshan Haina Junting (佛山海峽君庭)	Commercial	165	40.7%	133	115	35.1%	108	8	5.2%	48	6	5.2%	50
No. 58, 59, 60	Foshan Haina Mansion (佛山海峽公館), Foshan Haina Haoting (佛山海峽豪庭), Foshan Haina Haoyuan (佛山海峽豪苑)	Commercial	4,139	61.6%	1,049	3,070	80.4%	596	1,212	80.7%	235	348	81.0%	162
Subtotal			14,156	58.0%	205	15,420	64.2%	180	10,493	42.7%	171	3,421	44.4%	184
Total			28,519	61.0%	193	51,417	61.5%	225	70,876	56.8%	341	30,287	57.1%	380

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Notes:

- (1) Occupancy rate equals the result of the sum of GFA leased in each month of the year/period divided by the sum of total GFA leaseable for each month of the year/period. Occupancy rates of Chengdu International Finance Center (成都環球金融中心), Jilin International Trade Center (吉林環球貿易中心) and Chengdu Leading Center (成都領地中心) were comparatively low in 2017 and 2018 mainly because these projects only completed construction and commenced operation in July 2017, October 2017 and December 2018, respectively.
- (2) The revenue from Property No. 39 Leshan Amazon (樂山亞馬遜) dropped in 2018 because we rented a portion of it to the residential communities in the neighborhood for free. Its occupancy rate dropped in 2019 because some tenants did not renew their leases due to their own business considerations. We are actively seeking new tenants for this property.
- (3) Property No. 41 Portions of Leshan Amazon and Leshan Time Square ((樂山亞馬遜及時代廣場部分物業), as indicated by its name, indeed consists part of projects No. 39 and No. 40. However, because No. 41 is operated separately by a different subsidiary, Xizang Yimeixin Industrial Co., Ltd. (西藏億美新實業有限公司) we recorded it as a stand-alone investment property.

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Our revenue from commercial property operations was primarily generated from the commercial and office buildings we operated and managed. We charge most of the tenants of our commercial properties rents at a fixed rate with a fixed yearly increase and, for some tenants, we are entitled to charge the rents based on their operating income. Our revenue from commercial property operations is recognized on a time proportion basis over the lease terms. During the Track Record Period, the fluctuation of our revenue from commercial property operations was primarily due to the GFA of the commercial properties that we leased out.

The following table demonstrates the sensitivity analysis of the fair value of completed investment properties during the Track Record Period to hypothetical changes in rental and capitalization rate:

Hypothetical changes in the input	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000, except for percentages)				
Rent					
5%	4,266,500	4,653,200	4,775,200	4,745,800	4,763,300
0%	4,072,100	4,463,800	4,580,800	4,554,900	4,574,000
-5%	3,877,800	4,274,400	4,386,000	4,364,300	4,382,800
Capitalization rate					
5%	3,946,800	4,331,400	4,448,100	4,425,900	4,446,900
0%	4,072,100	4,463,800	4,580,800	4,554,900	4,574,000
-5%	4,200,900	4,599,900	4,716,500	4,690,600	4,705,300

Hotel operations

We generated a small portion of revenue from hotel operations during the Track Record Period. We operated three hotels, namely Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 • 精選(西昌領地邛海店)), Canopy by Hilton, Leading Center, Chengdu (成都領地希爾頓嘉悅里酒店) and Xichang Yinju Qionghai Vacation Hotel (西昌隱居邛海度假酒店), during the Track Record Period. We have been operating Juzi Hotel Select (Xichang Leading Qionghai) since January 2017. In January 2019, we started operating Canopy by Hilton, Leading Center, Chengdu, which contributed to the significant increase to our revenue from hotel operations for the year ended December 31, 2019. In July 2019, we started operating Xichang Yinju Qionghai Vacation Hotel, which also contributed to the increase to our revenue from hotel operations for the year ended December 31, 2019. The fluctuation of our revenue from hotel operations was also subject to the fluctuation of the hotel occupancy rate.

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Project Management

We started to provide project management services in November 2018. During the Track Record Period, we provided project management services to two customers, which were both third-party property developers who held land parcels and engaged us to manage property development projects on such land parcels. We generated a small portion of revenue from project management during the Track Record Period.

Cost of sales

The following table sets forth a breakdown of our cost of sales by business line for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2017		2018		2019		2019		2020	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
							(Unaudited)			
Cost of sales for sale of properties										
Construction cost	2,695,763	63.2	2,264,718	78.0	3,592,233	65.7	527,014	71.1	1,405,751	68.5
Land acquisition cost	1,423,567	33.4	539,355	18.6	1,696,039	31.0	163,711	22.1	509,624	24.8
Capitalized interest	132,111	3.1	70,424	2.4	107,531	2.0	25,027	3.4	113,574	5.5
Cost of sales for commercial property operations	9,226	0.2	22,996	0.8	30,330	0.6	12,487	1.7	12,803	0.6
Cost of sales for hotel operations	5,479	0.1	5,217	0.2	35,932	0.7	11,114	1.5	9,701	0.5
Cost of sales for project management	—	—	1,206	0.04	3,713	0.1	2,106	0.3	1,260	0.1
Total	4,266,146	100.0	2,903,916	100.0	5,465,778	100.0	741,459	100.0	2,052,713	100.0

The following table sets forth certain other data in relation to our cost of sales for our sale of properties for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
ASP (RMB)	8,115	8,250	8,413	9,259	8,454
Average cost per sq.m. sold (RMB) ⁽¹⁾	6,504	5,324	6,091	6,430	5,747
Average cost as % of ASP	80.1%	64.5%	72.4%	69.5%	68.0%
Average land acquisition cost per sq.m. sold (RMB) ⁽²⁾	2,178	999 ⁽³⁾	1,915	1,566	1,329
Average land acquisition cost as % of ASP	26.8%	12.1%	22.8%	16.9%	14.1%

FINANCIAL INFORMATION

Notes:

- (1) Refers to the average cost of our sale of properties and is derived by dividing the sum of construction costs, land acquisition costs and capitalized interest for a period by the total GFA recognized in that period.
- (2) Refers to the average land acquisition cost of our property sales and is derived by dividing the land acquisition costs for a period by the total GFA recognized in that period.
- (3) Our average land acquisition cost per sq.m. was lower for the year ended December 31, 2018 mainly because our second largest recognized GFA-contributing project, Chengdu International Finance Center (成都環球金融中心), which completed construction in July 2017 and recognized a major portion of its GFA in 2018, had comparatively low average land acquisition cost per sq.m. of RMB297.7 per sq.m in 2018 as we acquired such land parcel back in 2009.

Cost of sales for sale of properties

Cost of sales for sale of properties mainly includes construction costs, land acquisition costs and capitalized interest costs:

Construction Costs

Construction costs relate to costs for the design and construction of a project, including costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the type and geographic conditions of the properties being constructed, the type and price of construction materials and labor costs, which are generally included in the payments to the construction contractors, particularly the labor costs and the cost of steel and cement, which have been the primary contributing factors in terms of fluctuations in our construction costs.

The table below 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.

	For the year ended December 31,			Five months ended May 31,	
	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	134,788	113,236	179,612	22,718	67,450
As a percentage of profit before taxation	12.6%	12.0%	16.0%	44.0%	16.2%
If construction costs per sq.m. had been 5% higher	(134,788)	(113,236)	(179,612)	(22,718)	(67,450)
As a percentage of profit before taxation	(12.6%)	(12.0%)	(16.0%)	(44.0%)	(16.2%)

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Land Acquisition Costs

Land acquisition costs relate to costs relating to acquisition of the rights to occupy, use and develop land parcels, primarily including land premium incurred in connection with land grants from governments, and payments made in connection with acquisitions of land parcels or equity interests in companies which hold land parcels. Our land acquisition costs are affected by a number of factors, such as the location of the underlying land parcel, regional property market condition, the timing of the land acquisition, the project’s plot ratios, the method of acquisition and changes in PRC regulations.

The table below sets forth a sensitivity analysis for our land acquisition costs, illustrating, for the periods indicated, the impact on our profit before taxation if our land acquisition costs had been 5% higher or lower, assuming all other variables were held constant.

	<u>For the year ended December 31,</u>			<u>Five months ended May 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(RMB'000, except for percentages)				
Increase/(decrease) in profit before taxation					
If land acquisition costs per sq.m. had been 5% lower	71,178	26,968	84,802	8,718	23,454
As a percentage of profit before taxation	7.0%	3.2%	8.0%	16.9%	5.6%
If land acquisition costs per sq.m. had been 5% higher	(71,178)	(26,968)	(84,802)	(8,718)	(23,454)
As a percentage of profit before taxation	(7.0%)	(3.2%)	(8.0%)	(16.9%)	(5.6%)

Capitalized Interest Costs

Capitalized interest relates to the portion of our finance costs that is directly attributable to the development of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our consolidated statements of profit or loss in the period in which they are incurred.

During the Track Record Period, the fluctuation of our cost of sales was generally in line with the fluctuation of our revenue from sale of properties.

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Gross profit and gross profit margin

The following table sets forth the gross profit and gross profit margin by each of our business line for the periods indicated.

	For the year ended December 31,						Five months ended May 31,			
	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)			
Sale of properties	1,053,341	19.9	1,580,007	35.5	2,056,633	27.6	314,835	30.5	955,862	32.0
Residential	289,426	9.0	615,565	29.9	1,438,124	27.9	213,200	31.0	792,620	32.5
Commercial	659,006	35.5	716,807	38.5	408,103	24.7	82,228	28.1	135,458	28.4
Car parks	104,909	45.3	247,635	46.5	210,406	32.9	19,407	38.6	27,783	38.3
Commercial property operations . .	19,292	67.6	28,421	55.3	40,546	57.2	17,800	58.8	16,354	56.1
Hotel operations	(150)	(2.8)	1,022	16.4	1,170	3.2	(287)	(2.7)	(643)	(7.1)
Project management	—	—	537	30.8	4,037	52.1	3,649	63.4	3,548	73.8
Total	<u>1,072,483</u>	20.1	<u>1,609,987</u>	35.7	<u>2,102,386</u>	27.8	<u>335,997</u>	31.2	<u>975,121</u>	32.2

During the Track Record Period, the fluctuation of our gross profit margin was primarily due to different profit margins of different individual projects, price difference at different stages of the projects and the mix of the properties to which our GFA recognized are attributable. In general, we generated higher gross profit margin from commercial properties than residential properties. Our gross profit margin increased in 2018 mainly because our major revenue-generating projects in 2018, such as Chengdu Jinxiang Lantai (成都錦巷蘭台), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost. Our gross profit margin decreased in 2019, primarily due to the comparatively lower gross profit margins of the properties delivered this year, including Xichang Leading Lantai House (西昌領地蘭台府), due to its comparatively high land acquisition cost and comparatively low ASP and Chengdu Jinxiang Lantai (成都錦巷蘭台), as a result of the comparatively low ASP for the apartments in this project. See “Financial Information—Results of Operations from Continuing Operations—Year ended December 31, 2019 compared to year ended December 31, 2018”. Our gross profit margin increased to 32.2% for the five months ended May 31, 2020 from 31.2% for the five months ended May 31, 2019 primarily because our major revenue-generating projects in the five months ended May 31, 2020, such as Meishan Kaixuan International Mansion (眉山凱旋國際公館), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost.

Our gross profit margin for residential property development increased in 2018 mainly because our major revenue-generating residential projects in 2018, such as Chengdu Jinxiang Lantai (成都錦巷蘭台), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost. Our gross profit margin for residential property development remained relatively stable in 2019 and the five months ended May 31, 2020 as compared to 2018. Our gross profit margin for residential property development increased to 32.5% for the five months ended May 31, 2020 from 31.0% for the five months ended May 31, 2019 primarily because our major revenue-generating residential projects in the five months ended May 31, 2020, such as Meishan Kaixuan International Mansion (眉山凱旋國際公館), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost.

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Our gross profit margin for commercial property development remained relatively stable in 2018 as compared to 2017. Our gross profit margin for commercial property development decreased in 2019, primarily due to the comparatively lower gross profit margins of the commercial properties delivered this year. The GFA recognized under Chengdu Jinxiang Lantai (成都錦巷蘭台) that delivered in 2019 were mainly attributable to apartments, which, though also categorized as commercial properties, had lower ASP compared with residential properties which contributed more GFA recognized in the previous years, which caused gross profit margin of Chengdu Jinxiang Lantai (成都錦巷蘭台) decreased in 2019. Our gross profit margin for commercial property development remained relatively stable in the five months ended May 31, 2020 as compared to the five months ended May 31, 2019.

Our gross profit margin for car parks remained relatively stable in 2018 as compared to 2017. Our gross profit margin for car parks decreased in 2019 mainly because the gross profit margin for car parks in the Xichang Leading Lantai House (西昌領地蘭台府) was relatively lower, in line with the overall gross profit margin of this project. We also sold the remaining car parks for Chengdu Jinxiang Lantai (成都錦巷蘭台), Foshan Haina Mansion (佛山海納公館), Foshan Haina Haoting (佛山海納豪庭) and Foshan Haina Haoyuan (佛山海納豪苑) at a relatively lower price, which lead to a lower gross profit margin recorded in 2019 for car parks in these projects. Our gross profit margin for car parks remained relatively stable in the five months ended May 31, 2020 as compared to the five months ended May 31, 2019.

In general, the gross profit margin for different property units within a specific property project may fluctuate from time to time during the Track Record Period, primarily due to the fluctuation of different property units’ ASP, which is caused by a number of factors, including (i) the more or less desirable locations of the property units within the property project; (ii) the types of property units; and (iii) the property units from a part of the property project that we just started selling or the remaining units from an old part of the property project that we had been selling for some time (the “**Reason A**”).

In addition, a part of our revenue is recognized over time. As the contract assets generated by property units of which control is transferred over time does not meet the criteria of qualifying assets in accordance with IAS23 and the borrowing costs will not be capitalized after revenue recognition and the interest expenses incurred thereafter are charged to financial expenses accordingly. Therefore, with other variables unchanged, the cost of sales in relation to properties with revenue recognized over time is generally lower than those with revenue recognized at point in time, which resulted in a generally higher gross profit margin for properties with revenue recognized over time above the gross profit margin for properties with revenue recognized at point in time for the same type of property during the Track Record Period. Accordingly, the gross profit margin for a specific project may fluctuate if the percentage of revenue recognized over time for this property project changed during the Track Record Period (the “**Reason B**”).

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The above-mentioned Reason A, Reason B or the combination of Reason A and Reason B constitute the major reasons that contribute to the fluctuations of the gross profit margins during the Track Record Period for our property projects with revenue recognized over time.

With respect to the property projects with revenue recognized over time, we believe that there was no material overestimation or underestimation of contract costs during the Track Record Period and up to Latest Practicable Date that resulted in significant subsequent adjustments to the gross profit margins of the relevant property projects. The table below sets forth (i) a list of property projects with revenue recognized over time during the Track Record Period, (ii) the overall gross profit margins of such property projects for the years or periods during the Track Record Period if revenue recognized over time had been recorded for such year or period, and (iii) the analysis for the fluctuation of the gross profit margin of each property project. In the table below, a figure that follows with a “*” indicates that both revenue recognized over time and revenue at point in time had been for that year or period, while the remaining figures without “*” indicate that only revenue recognized over time had been recorded for that year or period. In addition, a dash in the table below indicates that either no revenue had been recorded for that year or period, or only revenue recognized at point in time had been recorded for that year or period.

Reference to Property Valuation Report	Project	Year ended December 31,			Five months ended May 31,		Analysis
		2017	2018	2019	2019	2020	
		%	%	%	%	%	
4	Chengdu Xishan Lantai	—	—	16.8	17.3	15.2	The gross profit margins generally remained at the same level during the Track Record Period.
5	Chengdu Yue Center	—	—	—	—	32.0	We only recorded revenue for this project in the five months ended May 31, 2020.
7	Chengdu Jinxiang Lantai	47.8	43.4*	26.2*	21.1*	—	The gross profit margins fluctuate between 2017 and 2018 primarily due to Reason A and Reason B. The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A and Reason B.
8	Chengdu Tianfu Lantai (Xinlong)	—	30.0	28.3	27.7	13.5*	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A and Reason B.
9	Chengdu Tianfu Lantai (Jingyang)	—	—	36.8	—	29.6	The gross profit margins fluctuate between 2019 and the five months ended May 31, 2020 primarily due to Reason A.
11	Chengdu Lantai House	—	—	23.2	24.0	10.0	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.

FINANCIAL INFORMATION

Reference to Property Valuation Report	Project	Year ended December 31,			Five months ended May 31,		Analysis
		2017	2018	2019	2019	2020	
		%	%	%	%	%	
14	Panzhihua Leading Yangguang Huacheng	—	—	20.9	22.1	12.6	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
15	Xichang Yueqionghai	—	2.5	3.2	1.8	0.4	The gross profit margins generally remained at the same level during the Track Record Period.
16	Xichang Leading Lantai House	19.2	23.9	17.9*	26.1	26.6*	The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A and Reason B.
17	Xichang Leading Haiyueli	—	30.0	24.3	24.3	20.3	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A and Reason B.
18	Xichang Lantai House (Qingyun)	40.0	41.8	28.4*	39.0	—	The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A and Reason B.
19	Xichang Leading Kaixuan International Mansion	8.1*	43.0*	—	—	—	The gross profit margins fluctuate between 2017 and 2018 primarily due to Reason A and Reason B.
20	Xichang Leading Jinxiu Lantai	—	—	26.6	—	26.6	The gross profit margins generally remained at the same level during the Track Record Period.
21	Urumqi Leading Lantai House	—	41.6	42.3	42.9	39.6	The gross profit margins generally remained at the same level during the Track Record Period.
22	Urumqi Leading Tianyu	—	—	37.2	—	36.0	The gross profit margins generally remained at the same level during the Track Record Period.
23	Korla Leading Lantai House	—	32.8	29.3	26.2	25.0	The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A.
24	Korla Leading Kaixuan Mansion	15.8*	15.3*	17.0*	17.9	16.3	The gross profit margins generally remained at the same level during the Track Record Period.
25	Chengde Lantai House	—	33.0	36.4	37.0	28.7	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
26	Chengde Lantai House (Yunshang)	—	—	20.9	—	21.2	The gross profit margins generally remained at the same level during the Track Record Period.
28	Jilin Kaixuan Mansion	14.0*	39.8*	40.7*	25.0*	—	The gross profit margins fluctuate between 2017 and 2018 primarily due to Reason A and Reason B.
31	Shangqiu Leading Lantai House	—	—	5.7	7.0	7.1	The gross profit margins generally remained at the same level during the Track Record Period.

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Reference to Property Valuation Report	Project	Year ended December 31,			Five months ended May 31,		Analysis
		2017	2018	2019	2019	2020	
		%	%	%	%	%	
32	Zhumadian Royal Lantai Phase I	—	—	28.2	28.2	25.7	The gross profit margins generally remained at the same level during the Track Record Period.
37	Jingzhou Leading Lantai House	—	—	9.8	—	14.1	The gross profit margins fluctuate between 2019 and the five months ended May 31, 2020 primarily due to Reason A.
43	Leshan Lantai House	—	52.0	48.3	50.0	38.1	The gross profit margins fluctuate between 2018 and 2019 and between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
44	Leshan Tianyu	—	27.1	25.6	24.1	16.2	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
45	Leshan Lanshan	—	26.7	27.8	29.4	26.0	The gross profit margins generally remained at the same level during the Track Record Period.
46	Leshan International Mansion	44.7*	43.5*	35.1*	47.1	—	The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A and Reason B.
47	Zunyi Lantai House	—	—	—	—	12.4	We only recorded revenue for this project in the five months ended May 31, 2020.
48	Meishan Kaixuan International Mansion	30.5*	45.1*	53.6*	58.6	52.7*	The gross profit margins fluctuate between 2017 and 2019 primarily due to Reason A and Reason B. The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A and Reason B.
50	Meishan Huayu Phase II	—	31.0	32.5	35.1	35.4	The gross profit margins generally remained at the same level during the Track Record Period.
51	Meishan Kaixuan International Mansion Phase II	51.6	56.3	42.0*	55.5	—	The gross profit margins fluctuate between 2017 and 2018 primarily due to Reason A. The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason A and Reason B.
52	Meishan Lantai House	—	—	32.4	33.2	32.5	The gross profit margins generally remained at the same level during the Track Record Period.
53	Meishan Guanjiang House	—	—	—	—	22.2	We only recorded revenue for this project in the five months ended May 31, 2020.

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Reference to Property Valuation Report	Project	Year ended December 31,			Five months ended May 31,		Analysis
		2017	2018	2019	2019	2020	
		%	%	%	%	%	
55	Huizhou Lantai House	—	—	13.7	14.9	13.3	The gross profit margins generally remained at the same level during the Track Record Period.
56	Foshan Haina Longting	20.3*	—	—	—	—	We only recorded revenue for this project in 2017.
57	Foshan Haina Junting	28.6*	—	—	—	—	We only recorded revenue for this project in 2017.
60	Foshan Haina Haoyuan	47.9*	—	—	—	—	We only recorded revenue for this project in 2017.
61	Mianyang Tianyu	—	36.0	43.6	43.6	33.7	The gross profit margins fluctuate between 2018 and 2019 and between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
62	Mianyang Lantai House	—	27.5	24.0	23.9	19.5	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
64	Nanchong Tianyu	—	—	17.9	17.2	13.4	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A.
65	Ya'an Yunjing	—	21.0	22.1	23.4	20.0	The gross profit margins generally remained at the same level during the Track Record Period.
66	Ya'an Guanjiang House	—	16.0	16.6	13.9	15.1	The gross profit margins generally remained at the same level during the Track Record Period.
67	Ya'an Tianyu	22.1	22.7	17.9*	25.0	—	The gross profit margins fluctuate between 2018 and 2019 primarily due to Reason B.
68	Ya'an Lantai House	—	39.0	46.2	44.1	30.8*	The gross profit margins fluctuate between the five months ended May 31, 2019 and 2020 primarily due to Reason A and Reason B.
71	Mianyang Leading Dongyuan Yuecheng	—	—	26.4	—	23.6	The gross profit margins generally remained at the same level during the Track Record Period.
74	Kaili Leading Tianyu	—	—	—	—	24.1	We only recorded revenue for this project in the five months ended May 31, 2020.

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Other income and gains

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended 31 December			Five months ended May 31,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Bank interest income	6,372	8,000	8,694	1,627	3,494
Interest income from joint ventures and an associate	—	9,230	3,852	2,255	1,056
Interest income from a shareholder of an associate	—	13,572	—	—	—
Management consulting service fees charged to joint ventures and associates	—	—	9,336	—	3,307
Government grants	524	5,709	2,276	1,173	4,602
Compensation	3,879	17,351	17,273	1,299	4,212
Gain on disposal of items of property, plant and equipment	17	4,351	614	228	—
Others	605	1,480	2,781	673	1,066
Total	<u>11,397</u>	<u>59,693</u>	<u>44,826</u>	<u>7,255</u>	<u>17,737</u>

Our bank interest income primarily arose from our bank deposits, which continued to grow as our business operation expanded during the Track Record Period. Accordingly, our interest income continued to increase during the Track Record Period.

Our interest income from joint ventures and an associate primarily arose from interest generated from lendings we extended to two joint ventures and an associate. See “—Related Party Transactions—Borrowings to Joint Ventures and Associates.”

Our interest income from a shareholder of an associate in 2018 arose from a loan extended to a shareholder of Chengdu Jinkaishengrui Real Estate Development Co., Ltd. (成都金凱盛瑞房地產開發有限公司), an associate of ours, for the development of Chengdu Bocuilin Lake (成都博翠鄰湖). We did not have similar interest income from shareholders of our associates in 2017 and 2019.

Our management consulting service fees from joint ventures and associates primarily represents fees from joint ventures and associates at a fixed rate of the sales proceeds from the relevant projects, which is in accordance with common practice in the real estate industry, in exchange for our project management services.

Our government grants were generally one-off government grants. Therefore, such government grants fluctuated during the Track Record Period, and may not recur in the future or require reapplication. During the Track Record Period, the government grants we received mainly consisted of (i) funds awarded to private-sector enterprises, (ii) industrial development subsidies; and/or (iii) subsidies for employment stabilization.

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Our compensation income mainly represents (i) liquidated damages we received from property purchasers who defaulted on the payments due pursuant to their purchase agreements with us, which amounted to approximately RMB3.0 million, RMB7.0 million, RMB7.3 million, RMB1.3 million and RMB3.9 million, for 2017, 2018, 2019 and the five months ended May 31, 2019 and 2020, respectively, and (ii) liquidated damages we received from our property-developer business partners who breached their contracts with us, which amounted to nil, approximately RMB10.0 million, approximately RMB10.0 million, nil and approximately RMB0.3 million, for 2017, 2018, 2019 and the five months ended May 31, 2019 and 2020, respectively. The increase in the liquidated damages we received from property purchasers during the Track Record Period resulted from the increasing number of defaults by our property purchasers generally in line with the expansion of our sale of properties business. The increase in the liquidated damages we received from our property-developer business partners was mainly because of two of such business partners breached their cooperative contracts with us in 2018 and 2019, respectively. As a result, we recorded a compensation income of RMB10.0 million and approximately RMB10.0 million in 2018 and 2019, respectively. We also recorded a compensation income of approximately RMB0.3 million for the five months ended May 31, 2020, because four business partners breached the cooperative contracts and paid the liquidated damages. We do not consider these incidents of contract breach that resulted in liquidated damages from property purchasers or business partners had material adverse effect on our business operations and financial conditions. There was no such breach of contract in 2017.

Our gain on disposal of items of property, plant and equipment primarily arised from our disposals of vehicles, certain properties we used as offices and electronic appliances during the Track Record Period.

Others represent proceeds from sales of left-over construction materials and forfeited construction quality assurance deposits.

Selling and marketing expenses

Our selling and marketing expenses primarily consist of advertising and marketing fees that we incur in connection with our pre-sales of properties, including the commission fees paid to third-party sales agents, as well as advertising and marketing fees incurred in relation to the leasing of the commercial properties we operate and manage. During the years ended December 31, 2017, 2018 and 2019, our selling and marketing expenses fluctuated, which is mainly due to the compound effect of (i) decrease in advertising and marketing fees, (ii) increase in staff costs, and (iii) decrease in commission fees. Compared to the five months ended May 31, 2019, our selling and marketing expenses increased for the five months ended May 31, 2020, primarily because the commission fees increased due to more commission fees recognized in line with the property delivery in the same period and the revenue in the five months ended May 31, 2020 was attributed more to third-party sales agents than to our own sales staff, compared to the five months ended May 31, 2019.

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The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated.

	For the year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Advertising and marketing fees	90,519	224,758	202,169	44,816	58,195
Staff costs	41,549	85,510	116,216	39,879	15,233
Office expenses	4,183	10,280	10,223	2,962	1,178
Property management fees	12,004	12,365	13,041	6,579	13,690
Depreciation and amortization	129	204	18	4	44
Commission fees	72,601	70,271	57,294	12,878	59,825
Others	3,016	5,744	1,043	315	163
Total	224,001	409,132	400,004	107,432	148,328

Our advertising and marketing fees primarily include advertising fees and fees paid to third-party marketing agents through which we may reach our prospective customers.

Our staff costs included salaries and commission fees paid to our sales staff. Our staff costs decreased significantly from RMB39.9 million for the five months ended May 31, 2019 to RMB15.2 million for the five months ended May 31, 2020, primarily due to the increase in revenue attributable to third-party sales agents rather than our own staff, as a result of which commission fees paid to our sales staff decreased while the commission fees paid to third-party sales agents increased.

Our commission fees mainly consist of commissions paid to third-party sales agents. Commission fees differ from fees paid to third-party marketing agents in that the former are conditioned on contracted sales. See “Business—Sales and Marketing—Sales and marketing plan.” Our commission fees are expensed upon recognition of the corresponding revenue.

Administrative expenses

Our administrative expenses primarily include costs for management and administrative staff. During the Track Record Period, our administrative expenses increased, generally in line with the growth of our business operations.

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The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Staff costs	76,100	187,351	313,325	84,317	126,776
Other taxes	21,594	45,722	53,192	20,641	19,036
Office expenses	7,130	19,445	31,561	10,113	14,041
Professional fees	14,709	34,583	60,739	15,732	29,060
Business entertainment fees	6,691	17,244	22,526	7,040	9,946
Travel expenses	8,989	15,038	13,954	4,705	3,015
Depreciation and amortization	6,821	13,440	14,003	4,019	4,221
Rental expenses	4,902	5,200	5,698	2,530	1,359
Fees to financial institutions	1,257	1,392	2,968	536	920
Others	10,701	10,183	14,781	3,069	5,168
Total	158,894	349,598	532,747	152,702	213,542

Our administrative staff costs increased during the Track Record Period primarily due to the increase in the number of our management and administrative staff from 426 as of December 31, 2017 and 812 as of December 31, 2018 and 1,088 as of December 31, 2019 and from 855 as of May 31, 2019 to 1,078 as of May 31, 2020, as a result of our business expansion.

Other expenses

The following table sets forth a breakdown of our other expenses for the periods indicated:

	For the year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Losses on disposal of property, plant and equipment	—	44	240	240	—
Losses on impairment of assets	22,595	5,998	384	65	—
Donation	45	324	314	5	2,096
Penalty	2,340	53,867	19,551	16,230	12,074
(Reversal of)/provision for financial guarantees contracts loss	—	7,998	(6,822)	(2,186)	(979)
Others	—	92	—	—	—
Total	24,980	68,322	13,667	14,354	13,192

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Losses on Impairment of Assets

For the years ended December 31, 2017 and 2018, our losses on impairment of assets mainly consisted of our provision of bad debts of Independent Third Parties to us. We intended to cooperate with certain Independent Third Parties with respect to potential property development projects, and accordingly made deposits to these Independent Third Parties to secure the deals. The losses on impairment of assets recorded for 2017 mainly included the deposit that a third-party company failed to return. We entered into a cooperative agreement with this third-party company, under which this third-party company would use its experience with respect to a specific property development project to help us acquire the equity interests of a target company which held a parcel of land in Chengdu with a site area of 11,860 sq.m. The acquisition failed, and our cooperation with this third-party company was terminated. However, this third-party company refused to return our deposit in the amount of RMB20.0 million. We filed a legal action in Chengdu Intermediate Court to seek repayment of the deposit. As of the Latest Practicable Date, the trial had not been held for this case. The losses on impairment of assets recorded for 2018 mainly included the deposit that a third-party individual failed to return. We entered into an agreement with this third-party individual to consult him for opportunities of property development projects in Guangdong-Hong Kong-Macau Greater Bay Area. This third-party individual was recommended by another business partner for his experience in property development in Guangdong-Hong Kong-Macau Greater Bay Area. As of the Latest Practicable Date, this third-party individual failed to introduce any property development opportunities to us. As the agreement had not been terminated, this individual did not return our deposit in the amount of approximately RMB5.1 million. For the sake of prudence, we have recognized our deposit with this individual as loss on impairment of assets. We are evaluating whether this third-party individual is capable of introducing opportunities of property development projects in the future and may consider filing a legal action to seek repayment of the deposit. The abovementioned cooperative efforts that resulted in losses on impairment of assets are merely isolated incidents during the Track Record Period.

Internal controls and procedures in place

We have a standardized set of procedures in place to evaluate the feasibility of investment opportunities and the creditworthiness of potential business partners, which is also strictly followed in practice.

Our investment development center is responsible for conducting market research to identify and assess the potential property development opportunities and determine if we acquire land parcels or cooperate with third-party business partners with expertise in property development through joint ventures and associated companies. Such market research may involve information collection from local and governmental channels such as the websites of the Ministry of Natural Resources of the PRC, and general studies on, among others, the economic conditions, local GDP and its growth rate, residents’ income levels and purchasing power, population size and its growth and density of the city where the potential development opportunity is located. Our investment development center will also conduct due diligence work on third-party business partner to ensure they are legal

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entities with sufficient experience and professional qualifications. Feasibility report will be prepared by our investment development center and submitted to the investment decision committee for approval. Furthermore, investment analysis and cash flow forecasts from our design management center, cost management center, sales management center and financial management center as well as the initial due diligence on the relevant land parcels and/or third-party business partners from risk management center, will be submitted to the investment decision committee for approval. If the investment decision committee considers the potential property development opportunity feasible, the investment development center and regional investment development department will approve the corporate plans and confirm the terms with third-party business partner before submitting to the Board to approve the relevant cooperative agreements.

Our regional investment development department will prepare a project implementation plan and submit to management for approval within 15 days after the land acquisition. Afterwards, relevant departments will co-work with the third-party business partner and prepare a work progress schedule. Both parties are required to follow the schedule, including tendering, construction and sales management etc. The relevant regional company and third-party business partner are responsible for project monitoring and evaluation as well as regularly providing financial analysis, collaboration progress, operation and capital budgeting to the relevant board. If necessary, board meetings may be convened for the relevant regional company and third-party business partner to deal with any emergency issue. All meetings are recorded and kept for further follow-up and audit trail. The head of regional investment development department and other relevant department heads will periodically conduct inspections on collaborations, in order to ensure the reliability and accuracy of the projects. In addition, the finance department will prepare accounting entries based on the cooperative agreements and collaboration progress reports semi-annually.

If the collaborations fail to meet the requirements, the relevant regional company may request the regional investment development department or the investment development center to terminate the relevant cooperative agreement. The termination of the cooperative agreement will be submitted to Board for approval. Our finance department will prepare financial entries according to the collaboration progress reports.

We have established Guidance on Managing Collaboration Projects (《合作項目管理作業指引》) which has been approved by our management team. Such policies and procedures have been circulated to the relevant staff members for implementation. Besides, the human resources department is responsible for providing trainings to the relevant staff members involved in the collaborations with third-party business partners when necessary. Our investment development center and legal and risk management center are responsible for monitoring and updating local laws and regulations regularly to ensure that we have complied with all regulations.

Our legal and risk center has conducted due diligence on the business partners, including the background search, to understand its shareholding and confirm if there is any conflict of interest between the shareholders and management of the business partners and us.

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Our financial management center will also conduct financial due diligence on the business partner, include credit assessment to confirm the creditworthiness of the business partner. Besides, the financial management center will obtain the latest auditor report from business partners to understand their assets, revenue, liabilities and cash flow and assess if the business partner could sustain for the development of the project.

The above mentioned assessments has been documented and submitted to our Board for approval.

For the year ended December 31, 2019, our losses on impairment of assets mainly consisted of general provision for impairment losses in relation to our receivables in accordance with IFRS 9.

Penalty

In addition to the penalty expenses in relation to the non-compliance incidents disclosed in “Business—Legal Proceedings and Compliance—Non-Compliance Incidents,” our penalty expenses includes (i) other administrative penalty payments, which amounted to approximately RMB0.3 million, RMB0.02 million, nil, nil and RMB0.5 million for 2017, 2018, 2019 and the five months ended May 31, 2019 and 2020, respectively, (ii) damages, compensations and expenses incurred due to breach of contracts, which amounted to approximately RMB2.0 million, RMB21.4 million, RMB12.7 million, RMB11.6 million and RMB10.4 million for 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, respectively, (iii) late fees, which amounted to approximately RMB172.9 million, RMB29.7 million, RMB3.3 million, RMB3.2 million and RMB0.1 million for 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, respectively, and (iv) other miscellaneous items, which amounted to approximately RMB0.1 million, RMB0.5 million, RMB0.3 million, nil and nil for 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, respectively. The table below sets forth the categories and the details of the penalty expenses during the Track Record Period.

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Categories	Project/Company	Amount (RMB'000)
<i>For the year ended December 31, 2017</i>		
Other administrative penalty payments, mainly including fines imposed by local bureau of commodity price	Certain companies within our Group	290
Damages, compensations and expenses incurred due to breach of property sales contracts and cooperation agreements with business partners	Certain companies within our Group	1,973
Late fees, for electricity payments	Certain companies within our Group	0
Miscellaneous, mainly including accounting adjustment	Certain companies within our Group	77
Total		2,340
Categories	Project/Company	Amount (RMB'000)

<i>For the year ended December 31, 2018</i>		
Penalty payments for commencement of construction works prior to obtaining construction work planning permits ⁽¹⁾	Leshan Tianyu (樂山天嶼)	168
	Meishan Huayu Phase II (眉山花嶼二期)	100
	Chengde Lantai House (承德蘭台府)	28
Penalty payments for failure to strictly comply with certain construction work planning permits ⁽²⁾	Leshan International Mansion (樂山國際公館)	180
Penalty payments for commencement of construction work prior to obtaining construction work permits ⁽³⁾	Mianyang Tianyu (綿陽天嶼)	479
	Meishan Huayu Phase II (眉山花嶼二期)	418
	Meishan Kaixuan International Mansion (眉山凱旋國際公館)	85
	Haifeng Tianyu (海豐天嶼)	513
	Mianyang Lantai House (綿陽蘭台府)	15
	Chengdu Leading Tianyu (成都領地天禦)	65

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Categories	Project/Company	Amount (RMB'000)
Penalty payments for inappropriate advertising ⁽⁴⁾	Ya'an Tianyu (雅安天嶼)	200
Other administrative penalty payments, mainly including penalties imposed by fire-protection agency	Certain companies within our Group	37
Damages, compensations and expenses incurred due to breach of property sales contracts and cooperation agreements with business partners ⁽⁵⁾	Certain companies within our Group	21,368
Late fees, mainly including late fees for land premiums and tax payments ⁽⁶⁾	Certain companies within our Group	29,743
Miscellaneous, mainly including income tax payments for our customers who received gifts during our promotional gifts	Certain companies within our Group	467
Total		<u>53,867</u>

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Categories	Project/Company	Amount (RMB'000)
<i>For the year ended December 31, 2019</i>		
Penalty payments for commencement of construction works prior to obtaining construction work planning permits ⁽¹⁾	Zhumadian Royal Lantai Phase I (駐馬店皇家蘭台一期)	114
Penalty payments for failure to strictly comply with certain construction work planning permits ⁽²⁾	Meishan Kaixuan International Mansion Phase III (眉山凱旋國際公館二期)	1,143
Penalty payments for commencement of construction work prior to obtaining construction work permits ⁽³⁾	Chongqing Leading Guanyun (重慶領地 • 觀雲府) ⁽⁹⁾	—
	Korla Leading Lantai House (庫爾勒領地 • 蘭台府) ⁽⁹⁾	—
	Mianyang Lantai House (綿陽蘭台府)	1,438
	Huizhou Lantai House (惠州蘭台府)	376
	Jingzhou Leading Lantai House (荊州領地蘭台府)	81
	Meishan Lantai House (眉山蘭台府)	36
	Leshan International Mansion (樂山國際公館)	100
Penalty payments for inappropriate advertising ⁽⁴⁾	Leshan Lanshan (樂山瀾山) ⁽¹⁰⁾	—

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Categories	Project/Company	Amount (RMB'000)
Penalty payments for Pre-sale Proceeds Incidents ⁽⁷⁾	Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城)	30
Damages, compensations and expenses incurred due to breach of property sales contracts and cooperation agreements with business partners ⁽⁸⁾	Certain companies within our Group	12,684
Late fees, mainly including late fees for land premiums and tax payments	Certain companies within our Group	3,259
Miscellaneous, including tax payments for equity transfer	Certain companies within our Group	290
Total		19,551
Categories	Project/Company	Amount (RMB'000)
<i>For the five months ended May 31, 2019</i>		
Penalty payments for commencement of construction work prior to obtaining construction work permits ⁽³⁾	Mianyang Lantai House (綿陽蘭台府)	1,438
Damages, compensations and expenses incurred due to breach of property sales contracts and cooperation agreements with business partners	Certain companies within our Group	11,592
Late fees, mainly including late fees for land premiums	Certain companies within our Group	3,200
Total		16,230

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Categories	Project/Company	Amount (RMB'000)
<i>For the five months ended May 31, 2020</i>		
Penalty payments for commencement of construction works prior to obtaining construction work planning permits ⁽¹⁾	Xichang Tianyu (西昌天嶼)	85
Penalty payments for failure to strictly comply with certain construction work planning permits ⁽²⁾	Mianyang Leading	42
	Dongyuan Yuecheng (綿陽領地東原閬城)	
	Kaili Tianyu located (凱里天御)	100
Penalty payments for commencement of construction work prior to obtaining construction work permits ⁽³⁾	Leshan Tianyu (樂山天嶼)	27
	Shangqiu Leading Lantai House (商丘領地蘭台府)	26
	Meishan Guanjiang House (眉山觀江府)	216
	Shangqiu Leading Lantai House (商丘領地蘭台府)	439
Other administrative penalty payments, mainly including penalties for failure to complete the construction quality supervision procedures	Certain companies within our Group	492
Damages, compensations and expenses incurred due to breach of property sales contracts and cooperation agreements with business partners	Certain companies within our Group	10,350
Late fees, mainly including late fees for tax payments	Certain companies within our Group	120
Total		<u>12,074</u>

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Notes:

- (1) See “Business—Legal Proceedings and Compliance—Non-compliance incidents—1. Commencement of construction works prior to obtaining the requisite work permit/approval—Commencement of construction works prior to obtaining construction work planning permits and failure to strictly comply with certain requirements of construction work planning permits.”
- (2) See “Business—Legal Proceedings and Compliance—Non-compliance incidents—1. Commencement of construction works prior to obtaining the requisite work permit/approval—Commencement of construction works prior to obtaining construction work planning permits and failure to strictly comply with certain requirements of construction work planning permits.”
- (3) See “Business—Legal Proceedings and Compliance—Non-compliance incidents—1. Commencement of construction works prior to obtaining the requisite work permit/approval—Commencement of construction works prior to obtaining construction work commencement permits.”
- (4) See “Business—Legal Proceedings and Compliance—Non-compliance incidents—2. Inappropriate advertising.”
- (5) The damages, compensations and expenses incurred during 2018 mainly include (i) RMB10.0 million that we accounted for the liquidate damages claimed against us in the dispute regarding the equity transfer agreements between our business partner and us on Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd., which we had settled with our business partner; (ii) RMB10.0 million that we paid for the liquidated damages arising from a concluded litigation regarding the equity transfer agreements between our business partner and us on Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd.; (iii) RMB1.4 million incurred to compensate our customers or repair the properties delivered in relation to change of GFA, property repair and other reasons.
- (6) The late fees, mainly including late fees for land premiums and tax payments incurred during 2018 mainly include (i) late fees for land premiums in the amount of RMB27.3 million. See “Business—Our Property Development Management—Land Acquisition” for more details; and (ii) late fees for tax payment in the amount of RMB2.4 million incurred in certain incidents where our staff in Meishan did not timely pay urban land use tax due to some misunderstanding of the relevant tax laws and regulations.
- (7) See “Business—Legal Proceedings and Compliance—Non-compliance incidents—4. Pre-sale Proceeds Incidents.”
- (8) The damages, compensations and expenses incurred during 2019 mainly include (i) RMB11.6 million that we accounted for a litigation regarding the cooperative agreements with our business partner for Sichuan Langye Construction Engineering Co., Ltd.; (ii) RMB1.1 million incurred to compensate our customer or repair the properties delivered in relation to change of GFA, property repair, termination of lease agreement and other reason.
- (9) The penalty payments were made by the responsible construction contractors and therefore we did not record any penalty expenses.
- (10) The penalty payment was made by the responsible employee and therefore we did not record any penalty expenses.

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(Reversal of)/Provision for Financial Guarantees Contracts Loss

Our financial guarantees contracts loss resulted from the financial guarantees we provided to an Independent Third Party. Such Independent Third Party is a general contractor of ours. We guaranteed its obligations to financial institutions with the belief that it would enhance our business relationship with it. Though the Independent Third Party did not actually default on the borrowings guaranteed by us, we made a provision of losses in accordance with our financial guarantee obligations, and recorded losses from such financial guarantees in 2018. Such Independent Third Party repaid part of its borrowings to the financial institutions in 2019 and the five months ended May 31, 2020. As a result, we reversed part of our provision for the losses from such financial guarantees in 2019 and the five months ended May 31, 2020.

Fair value gain on investment properties

We develop and hold certain commercial areas in our properties on a long-term basis for rental, operating income or capital appreciation. Our investment properties are recorded as non-current assets in our consolidated statements of financial position at fair value as of each balance sheet date as determined by independent valuations. Fair value gain on investment properties represents the changes in the fair value of our investment properties which are accounted for as gains or losses under our profit and loss. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if a different set of bases or assumption is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer. We recorded investment properties with an aggregate value of RMB4,072.1 million, RMB4,463.8 million, RMB4,580.8 million and RMB4,574.0 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020. We recorded fair value gains on our investment properties of RMB490.8 million, RMB295.1 million, RMB160.8 million and RMB91.1 million, respectively, in 2017, 2018 and 2019 and for the five months ended May 31, 2019, primarily reflecting the addition of new investment properties and/or the appreciation of our investment properties during the Track Record Period. For the five months ended May 31, 2020, we recorded a fair value loss on our investment properties of RMB38.1 million, primarily due to the COVID-19 pandemic’s adverse effect on the valuation of our investment properties. See “Risk Factors—Our business operations may be affected by the outbreak of COVID-19” and “Business—Effects of the COVID-19 Pandemics.”

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Finance costs

Our finance costs mainly represents our interest expenses on bank and other borrowing as well as interest from a significant financing component of contract liabilities, which is related to the pre-sale deposits we received from our customers, less capitalized interest relating to properties under development. The following table sets forth the components of our finance costs for the periods indicated:

	<u>For the year ended December 31,</u>			<u>Five months ended May 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(RMB'000)			(Unaudited)	
Interest on bank and other borrowings	388,665	668,637	1,445,048	438,890	708,735
Interest arising from revenue contracts	38,687	40,987	75,255	17,223	46,002
Less: Interest capitalized	(343,521)	(582,355)	(1,289,922)	(393,457)	(639,589)
Net finance cost	83,831	127,269	230,381	62,656	115,148

Interests on bank and other borrowings increased during the Track Record Period, which was generally in line with the growing financial needs arising from our business expansion. The construction period for a project does not necessarily coincide with the drawdown and repayment schedules of the relevant loan, not all of the interest expenses related to a project can be capitalized. Our finance costs may fluctuate from period to period depending on the level of total interest expenses as well as the level of interest expenses that are capitalized within the reporting period.

We enter into pre-sales and/or sales contracts with our customers, subject to which we are entitled to the rights to receive consideration from customers and assume performance obligations to transfer products to them. Proceeds from customers of pre-sold properties are recorded as “contract liabilities” under the current liabilities before relevant sales revenue is recognized. The timing between the collection of proceeds and revenue recognition may affect not only the amount and growth rate of our revenue from sale of properties but also may cause contract liabilities, and also, interest from a significant financial component of contract liabilities, to fluctuate from period to period. Interest from a significant financial component of contract liabilities generally increased during the Track Record Period, which was in line with the increase in the pre-sales of our properties.

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Income tax expense

Our income tax expense mainly comprises PRC corporate income tax and LAT expenses made by our PRC subsidiaries, net of deferred tax. No provision for the Cayman Islands taxation and Hong Kong taxation has been made as the majority of our income neither arises in, nor is derived from those jurisdictions. The provision for corporate income tax for our PRC subsidiaries during the Track Record Period was mainly based on the prevailing rate of 25%. The distribution of dividends generated by a PRC subsidiary to non-resident investors should be subject to PRC withholding income tax. The following table sets forth the components of our income tax expenses for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
			(RMB'000)		
				(Unaudited)	
Current tax:					
PRC corporate income tax	64,795	355,709	440,121	148,343	319,740
PRC LAT.	169,939	251,118	218,298	14,406	153,464
Deferred tax.	168,483	(138,018)	(180,515)	(107,419)	(222,422)
Total tax charge for the year/period	<u>403,217</u>	<u>468,809</u>	<u>477,904</u>	<u>55,330</u>	<u>250,782</u>
Total tax charge/(credit) for the year/ period from continuing operations	399,898	464,277	469,688	55,330	250,782
Total tax charge for the year/period from discontinued operations	<u>3,319</u>	<u>4,532</u>	<u>8,216</u>	<u>—</u>	<u>—</u>

Our effective tax rate, being the income tax divided by profit before tax, was 38.3%, 47.5%, 42.7%, 120.1% and 60.2%, respectively, in 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020. The general increase in the effective tax rate during the Track Record Period was primarily due to the compound effect of (i) the fluctuations in our LAT tax rate which was generally in line with the fluctuations in our gross profit margin, and (ii) the increase in corporate income tax, which was generally in line with the increased in our taxable income. Our effective tax rate, when excluding the effect of LAT, was 22.2%, 22.1%, 22.6%, 88.8% and 23.3% for 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020. We recorded a relatively high effective tax rate, with or without the effect of LAT, for the five months ended May 31, 2019 primarily because we recorded a relatively low profit before tax and a relatively high tax losses not recognized, both resulted from our delivery schedule. Our effective tax rate for the entire year of 2019 remained at the same level as other years or period of the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there are no matters in dispute or unresolved with the relevant tax authorities.

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Discontinued operations

Our Group disposed of equity interests in certain of our subsidiaries, and accordingly discontinued our relevant operations, during the Track Record Period, mainly because we believed that the pertinent operations were not core to our business. In May 2019, we entered into an agreement to dispose of our entire equity interest in Meishan Gaokang at nil consideration as the registered capital of Meishan Gaokang was not paid up at the time of such transfer. In June 2019, our Group entered into one agreement to dispose of our entire equity interest in Lingyue Property to Rong Liang Group in consideration of approximately RMB5.7 million, and another agreement to transfer 69% equity interest in Meishan Dongpo in consideration of RMB69 million to an Independent Third Party. In July 2019, we entered into an agreement to dispose of 55% and 45% equity interest in Jilin Junyi to Sichuan Linghui and Nuoruide International, respectively, at a consideration of approximately RMB0.43 million and approximately RMB0.35 million, respectively. See “History, Reorganization and Corporate Structure—Reorganization—Disposal of certain companies.”

The table below sets forth our results of discontinued operations for the years/periods indicated.

	Year ended 31 December			Five months ended May 31,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	120,247	174,347	108,570	67,198	—
Finance costs	(327)	(1,428)	(440)	(420)	—
Expenses	(140,537)	(151,654)	(85,878)	(72,363)	—
Profit/(loss)before tax from the discontinued operation	(20,617)	21,265	(9,840)	(5,585)	—
Income tax	(3,319)	(4,532)	—	—	—
Gain on disposal of discontinued operations	—	—	32,092	—	—
Tax attributable to gain on disposal	—	—	(8,216)	—	—
Profit/(loss) for the year/period from the discontinued operations	(23,936)	16,733	14,036	(5,585)	—

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Profit/loss for the year/period

For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, we had profit for the year or period of RMB649.0 million, RMB517.7 million, RMB672.3 million and RMB166.1 million, respectively. For the five months ended May 31, 2019, we had loss for the period of RMB9.3 million. We recorded a relatively lower net profit for 2018 compared to 2017 and 2019, primarily due to the fluctuations in the aggregate GFA delivered in the relevant periods as a result of the construction schedule. We completed construction of two projects, namely Chengdu Leading Center (成都領地中心) and a portion of Leshan International Mansion (樂山國際公館), in 2018. Among these, Leshan International Mansion only contributed 55,563 sq.m. of GFA recognized in 2018, leaving a major portion of its saleable GFA to be recognized in 2019; meanwhile, Chengdu Leading Center did not contribute any GFA recognized in 2018 but was held as an investment property. As a result, we only recognized an aggregate GFA delivered of 539,947 sq.m. in 2018, compared to 653,711 sq.m. in 2017 and 885,841 sq.m. in 2019. We recorded net loss of RMB9.3 million for the five months ended May 31, 2019, primarily because the revenue we recorded was not enough to cover costs and expenses we incurred in this period due to the delivery schedule. Due to the nature of the property development business, there is typically an extended lead time between the commencement of the property development and revenue recognition. We recorded a net profit for the entire year of 2019.

RESULTS OF OPERATIONS FROM CONTINUING OPERATIONS

Five months ended May 31, 2020 compared to the five months ended May 31, 2019

Revenue

	Five months ended May 31,			
	2019		2020	
	Revenue		Revenue	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	1,030,587	95.7	2,984,811	98.58
Commercial property operations.	30,287	2.8	29,157	0.96
Hotel operations.	10,827	1.0	9,058	0.30
Project management	5,755	0.5	4,808	0.16
Total	1,077,456	100.0	3,027,834	100.0

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Our revenue increased by 181.0% to RMB3,027.8 million for the five months ended May 31, 2020 from RMB1,077.5 million for the five months ended May 31, 2019, primarily due to the increase in the revenue from sale of properties.

Revenue from sale of properties increase by 189.6% to RMB2,984.8 million for the five months ended May 31, 2020 from RMB1,030.6 million for the five months ended May 31, 2019, primarily due to the increase in the aggregate GFA recognized to 356,119 sq.m. for the five months ended May 31, 2020 from 111,309 sq.m. for the five months ended May 31, 2019. The increase of our GFA recognized was primarily contributed by (i) Meishan Kaixuan International Mansion (眉山凱旋國際公館), the GFA recognized of which increased to 112,863 sq.m. in the five months ended May 31, 2020 from 7,203 sq.m. in the five months ended May 31, 2019, as we completed the construction of this project in May 2020, (ii) Ya'an Lantai Fu (雅安蘭台府), the GFA recognized of which increased to 59,578 sq.m. in the five months ended May 31, 2020 from 707 sq.m. in the five months ended May 31, 2019, as we completed the construction of this project in May 2020, and (iii) Chengdu Tianfu Lantai Xinlong (成都天府蘭台(新隆)), the GFA recognized of which increased to 44,423 sq.m. in the five months ended May 31, 2020 from 2,909 sq.m., as we completed the construction of this project in March 2020.

Revenue from commercial property operations decreased by 3.7% to RMB29.2 million for the five months ended May 31, 2020 from RMB30.3 million for the five months ended May 31, 2019, primarily because we waived certain rents for certain of our commercial property tenants who suffered significant losses due to the COVID-19 pandemic.

Revenue from hotel operation decreased by 16.3% to RMB9.1 million for the five months ended May 31, 2020 from RMB10.8 million for the five months ended May 31, 2019, primarily due to the adverse effects of the COVID-19 pandemic.

Revenue from project management decreased by 16.5% to RMB4.8 million for the five months ended May 31, 2020 from RMB5.8 million for the five months ended May 31, 2019, primarily because the revenue from the five months ended May 31, 2019 and 2020 was generated from different projects, namely the project in Guang'an and the project in Xinxiang, respectively, and we charged different service fees for these projects.

Cost of sales

Our cost of sales increased by 176.8% to RMB2,052.7 million for the five months ended May 31, 2020 from RMB741.5 million for the five months ended May 31, 2019, which was generally in line with the increase in our sale of properties.

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Gross profit and gross profit margin

As the result of the foregoing, our gross profit increased by 190.2% to RMB975.1 million for the five months ended May 31, 2020 from RMB336.0 million for the five months ended May 31, 2019. Our gross profit margin increased to 32.2% for the five months ended May 31, 2020 from 31.2% for the five months ended May 31, 2019 primarily because our major revenue-generating projects in the five months ended May 31, 2020, such as Meishan Kaixuan International Mansion (眉山凱旋國際公館), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost.

Other income and gains

Our other income and gains increased by 144.5% to RMB17.7 million for the five months ended May 31, 2020 from RMB7.3 million for the five months ended May 31, 2019, primarily attributable to the increase in bank interest income, compensation and government grants. The increase in bank interest income and compensation, which primarily included the liquidated damages from our property purchases, was in line with our business expansion. In addition, the local governments provided subsidies for employment stabilization to combat the COVID-19’s adverse effects on the economy, which caused the increase in government grants.

Selling and marketing expenses

Our selling and marketing expenses increased by 38.1% to RMB148.3 million for the five months ended May 31, 2020 from RMB107.4 million for the five months ended May 31, 2019, primarily because of the increase in the commission fees arising from the increase in the revenue attributable to third-party sales agents.

Administrative expenses

Our administrative expenses increased by 39.8% to RMB213.5 million for the five months ended May 31, 2020 from RMB152.7 million for the five months ended May 31, 2019, primarily attributable to an increase in the management and administrative staff costs resulting from our business expansion. The number of our management and administrative staff from 855 as of May 31, 2019 to 1,078 as of May 31, 2020.

Other expenses

Our other expenses decreased by 8.1% to RMB13.2 million for the five months ended May 31, 2020 from RMB14.4 million for the five months ended May 31, 2019, primarily due to the decrease in penalty expenses, partially offset by the donation in the amount of RMB2.0 million to support the anti-epidemic efforts amid the COVID-19 pandemic.

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Fair value gains/losses on investment properties

We recorded fair value losses on investment properties in the amount of RMB38.1 million for the five months ended May 31, 2020, primarily due to the COVID-19 pandemic’s adverse effect on the valuation of our investment properties. We recorded fair value gains on investment properties in the amount of RMB91.1 million for the five months ended May 31, 2019.

Finance costs

Our finance costs increased by 83.8% to RMB115.1 million for the five months ended May 31, 2020 from RMB62.7 million for the five months ended May 31, 2019, primarily due to the increase in the interest on bank and other borrowings in connection with our business expansion, partially offset by the increase in the capitalized interest.

Share of losses of joint ventures and associates

Our share of losses of joint ventures and associates increased by 4.5% to RMB47.6 million for the five months ended May 31, 2020 from RMB45.5 million for the five months ended May 31, 2019, primarily because many of our projects under development by our joint ventures and associate, such as Tianfu Leading City (天府領地城), were in their early stage of development and recorded only expenses with little revenue.

Income tax expense

Our income tax expenses increased by 353.2% to RMB250.8 million for the five months ended May 31, 2020 from RMB55.3 million for the five months ended May 31, 2019, primarily due to the increase in corporate income tax resulted from the increase in our profits before tax, which was in line with our business expansion, and the increase in LAT resulted from Meishan Kaixuan International Mansion (眉山凱旋國際公館) which contributed to a large portion of our revenue for the five months ended May 31, 2020 and had a relative high gross profit margin.

Profit/(loss) for the period

As a result of the foregoing, we recorded a profit for the period of RMB166.1 million for the five months ended May 31, 2020, as compared to a loss of RMB9.3 million for the five months ended May 31, 2019.

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Year ended December 31, 2019 compared to year ended December 31, 2018

Revenue

	Year ended December 31,			
	2018		2019	
	Revenue		Revenue	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	4,454,504	98.68	7,452,435	98.5
Commercial property operations.	51,417	1.14	70,876	0.9
Hotel operations.	6,239	0.14	37,102	0.5
Project management	1,743	0.04	7,751	0.1
Total	4,513,903	100.0	7,568,164	100.0

Our revenue increased by 67.7% to RMB7,568.2 million for the year ended December 31, 2019 from RMB4,513.9 million in 2018, primarily due to the increase in the revenue from sale of properties.

Revenue from sale of properties increased by 67.3% to RMB7,452.4 million in 2019 from RMB4,454.5 million in 2018, primarily due to the increase in the aggregate GFA recognized to 885,841 sq.m. in 2019 from 539,947 sq.m. in 2018. The increase of our GFA recognized was primarily contributed by (i) Xichang Leading Lantai House (西昌領地蘭台府), the GFA recognized of which increased to 119,594 sq.m. in 2019 from 12,098 sq.m. in 2018, as we completed the construction of this project in May 2019, and recognized a majority of its GFA in the same year, and (ii) Jilin Kaixuan Mansion (吉林凱旋公館), the GFA recognized of which increased to 97,341 sq.m. in 2019 from 18,779 sq.m. in 2018, as we completed construction of another portion of this project in 2019, and recognized a majority of its GFA in the same year, and (iii) Ya'an Tianyu (雅安天嶼), the GFA recognized of which increased to 50,200 sq.m. in 2019 from 4,943 sq.m. in 2018 as we completed construction of this project in September 2019, and recognized a majority of its GFA in the same year. ASP of the GFA recognized increased to RMB8,413 per sq.m. in 2019 from RMB8,250 per sq.m. in 2018, primarily because the ASP of Korla Leading Kaixuan Mansion (庫爾勒領地凱旋公館), which contributed to approximately 19.1% of our GFA recognized in 2018, was only RMB4,443 per sq.m. primarily due to the prevailing market condition in Xinjiang, whereas Jilin Kaixuan Mansion and Xichang Leading Lantai House, together contributing approximately 24.5% of our GFA recognized in 2019, each had an ASP of RMB8,038 per sq.m. and RMB13,763 per sq.m., respectively. Jilin Kaixuan Mansion had a comparatively higher ASP in 2019 primarily increase in price in the local real estate market of Changchun city.

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Revenue from commercial property operations increased by 37.8% to RMB70.9 million in 2019 from RMB51.4 million in 2018, primarily due to (i) the increase in leased GFA of Chengdu Leading Center (成都領地中心) as we only completed this project in December 2018, and (ii) the increase of the average rent of Chengdu International Finance Center (成都環球金融中心) and Chengdu Leading Center. These two projects together contributed approximately 52.5% of the total revenue recognized in commercial property operations in 2019. The leased GFA of Chengdu Leading Center increased to 44,222 sq.m. in 2019 from 23,358 sq.m. in 2018. Meanwhile, the average rent of Chengdu International Finance Center increased to RMB427 per sq.m. in 2019 from RMB197 per sq.m. in 2018, and the average rent of Chengdu Leading Center increased to RMB563 per sq.m. in 2019 from RMB283 per sq.m. in 2018. Average rents for these two commercial properties increased in 2019 compared with 2018 mainly because we only commenced operation of these two commercial properties in July 2017 and December 2018, respectively, and had offered a rent-free period and lowered the rents at early stages of operation to attract new tenants; once the occupation rates increased, we increased the rents.

Revenue from hotel operations increased by 494.7% to RMB37.1 million in 2019 from RMB6.2 million in 2018, primarily due to the opening of Canopy by Hilton, Chengdu Leading Center (成都領地希爾頓嘉悅裡酒店) in January 2019, and to a lesser extent, the opening of Xichang Yinju Qionghai Vacation Hotel (西昌隱居邛海度假酒店) in July 2019.

Revenue from project management increased by 344.7% to RMB7.8 million in 2019 from RMB1.7 million in 2018, as we only commenced project management business in November 2018.

Cost of sales

Our cost of sales increased by 88.2% to RMB5,465.8 million in 2019 from RMB2,903.9 million in 2018, which was generally in line with the increase in our sale of properties.

Gross profit and gross profit margin

As the result of the foregoing, our gross profit increased by 30.6% to RMB2,102.4 million in 2019 from RMB1,610.0 million in 2018. Our gross profit margin decreased to 27.8% in 2019 from 35.7% in 2018, primarily due to the comparatively lower gross profit margins of the properties delivered this year. Specifically, Xichang Leading Lantai House (西昌領地蘭台府), which contributed the largest portion of GFA recognized in 2019, recorded a gross profit margin of 17.9% mainly because (i) land acquisition costs for the relevant land parcel was comparatively high, and (ii) we leveraged this project as an opportunity to generate revenue with quick turnover by setting comparatively low prices for the properties. See “Business—Our Property Development Management—Sales and Marketing—Pricing Policies.” In addition, Chengdu Jinxiang Lantai (成都錦巷蘭台), which also contributed a large portion of GFA recognized in 2019, recorded lower gross profit margin of 26.1% in 2019 compared with its gross profit margin of 43.4% in 2018. Gross profit margin of Chengdu Jinxiang Lantai (成都錦巷蘭台) decreased in 2019 compared with 2018 mainly because the GFA recognized under this project in 2019 were

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mainly attributable to apartments, which, though also categorized as commercial properties, had lower ASP compared with residential properties which contributed more GFA recognized in the previous years.

Other income and gains

Our other income and gains decreased by 24.9% to RMB44.8 million in 2019 from RMB59.7 million in 2018, primarily due to (i) the decrease in interest income from a shareholder of an associate to nil in 2019 from RMB13.6 million in 2018, as we did not make any interest-bearing payments on behalf of the other shareholders of our associates in 2019; and (ii) the decrease in interest income from joint ventures and an associate to RMB3.9 million in 2019 from RMB9.2 million in 2018 primarily because we ceased to provide interest-bearing borrowings to the associate and received interest income from the two joint ventures only in 2019. See “—Related Party Transactions—Borrowings to Joint Ventures and Associates.”

Selling and marketing expenses

Our selling and marketing expenses decreased by 2.2% to RMB400.0 million in 2019 from RMB409.1 million in 2018, which was primarily due to the decrease in advertising and marketing fees to RMB202.2 million in 2019 from RMB224.8 million in 2018 and the decrease in our commission fees from RMB70.3 million in 2018 to RMB57.3 million in 2019. Our advertising and marketing fees decreased mainly because we adjusted our marketing strategies and relied more on third-party marketing agents, which are generally more cost-efficient, instead of advertising. Our commission fees decreased mainly because the revenue in 2019 was attributed more to our own sales staff than to third-party sales agents, compared to 2018. Such decreases were partially offset by the increase in our staff costs from RMB85.5 million in 2018 to RMB116.2 million in 2019, primarily as the result of (i) increase in the number of our sales staff from 564 on monthly average in 2018 to 581 on a monthly average in 2019, and (ii) increase in the average salaries of our sales staff from RMB151,615 per year in 2018 to RMB200,021 per year in 2019.

Administrative expenses

Our administrative expenses increased by 52.4% to RMB532.7 million in 2019 from RMB349.6 million in 2018, primarily attributable to an increase in the management and administrative staff costs resulting from our business expansion. The number of our management and administrative staff increased to 1,088 as of December 31, 2019 from 812 as of December 31, 2018.

Other expenses

Our other expenses decreased by 80.0% to RMB13.7 million for 2019 from RMB68.3 million in 2018, primarily due to (i) the decrease in penalties, which were generally one-off, to RMB19.6 million in 2019 from RMB53.9 million in 2018, and (ii) the partial reversal of the provision for the losses from financial guarantee provided to an Independent Third Party in the amount of RMB6.8 million in 2019 upon its partial repayment to its lender.

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Fair value gains on investment properties

Our fair value gains on investment properties decreased by 45.5% to RMB160.8 million in 2019 from RMB295.1 million in 2018, primarily due to the decrease in fair value gains from Chengdu Leading Center (成都領地中心). Chengdu Leading Center was under construction in 2018, and its fair value had been increasing along with the construction progress. We completed its construction in December 2018. In 2019, fair value of Chengdu Leading Center increased primarily as a result of the market conditions, which was at a relatively slow pace as compared to the increase resulting from the construction progress. In addition, though to a lesser extent, disposal of properties in Jilin International Trade Center (吉林環球貿易中心) and Leshan Time Square (樂山時代廣場) also contributed to the decrease in fair value gains on investment properties.

Finance costs

Our finance costs increased by 81.0% to RMB230.4 million in 2019 from RMB127.3 million in 2018, primarily due to (i) increase in the interest on bank and other borrowings to RMB1,445.0 million in 2019 from RMB668.6 million in 2018, which was generally in line with our business expansion, and (ii) increase in the interest on financing component of contract liabilities to RMB75.3 million in 2019 from RMB41.0 million in 2018, which was in line with the increase of our contract liabilities to RMB15,398.3 million from RMB9,522.3 million mainly due to the increase in our pre-sale activities.

Share of profits and losses of joint ventures and associates

We recorded share of profits of joint ventures in the amount of RMB3.8 million in 2019, as compared to share of losses of joint ventures in the amount of RMB32.7 million in 2018. The change is primarily because we recognized revenue generated by two of our joint venture projects which completed construction in 2019, namely Xuzhou Fengming Taoyuan (徐州鳳鳴桃源) and Zhangjiakou Yuanjun Manting Fangyuan (張家口垣郡滿庭芳園).

Our share of losses of associates decreased by 43.9% to RMB7.0 million in 2019 from RMB12.5 million in 2018, primarily because a major portion of Chengdu Bocuilin Lake (成都博翠鄰湖) was readily pre-sold by the time of 2019, thus reducing the expenses incurred for this project in 2019.

Income tax expense

Our income tax expenses increased slightly by 1.2% to RMB469.7 million in 2019 from RMB464.3 million in 2018, primarily due to the increase in our PRC corporate income tax to RMB251.4 million from RMB213.2 million resulting from the increase in our profit before tax, partially offset by the decrease in our LAT to RMB218.3 million in 2019 from RMB251.1 million in 2018, which is due to (i) comparatively low appreciation rate of properties delivered in 2019, and (ii) changes in the types of properties delivered compared with 2018, as we delivered more residential properties in 2019, which had lower LAT.

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Profit for the year

As the result of the foregoing, our profit for the year increased by 29.9% to RMB627.3 million for 2019 from RMB517.7 million for 2018.

Year ended December 31, 2018 compared to year ended December 31, 2017

Revenue

	Year ended December 31,			
	2017		2018	
	Revenue		Revenue	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	5,304,782	99.4	4,454,504	98.68
Commercial property operations.	28,519	0.5	51,417	1.14
Hotel operations.	5,328	0.1	6,239	0.14
Project management	—	—	1,743	0.04
Total	5,338,629	100.0	4,513,903	100.0

Our revenue decreased by 15.4% to RMB4,513.9 million in 2018 from RMB5,338.6 million in 2017, primarily due to the decrease in the revenue from sale of properties.

Revenue from sale of properties decreased by 16.0% to RMB4,454.5 million in 2018 from RMB5,304.8 million in 2017, primarily due to the decrease in the aggregate GFA recognized to 539,947 sq.m. in 2018 from 653,711 sq.m. in 2017. Our GFA recognized in 2017 was primarily contributed by Jilin Kaixuan Mansion (吉林凱旋公館) and Xichang Leading Kaixuan International Mansion (西昌領地凱旋國際公館), which together had the aggregate GFA recognized of 230,328 sq.m. We completed the construction of Xichang Leading Kaixuan International Mansion and a major portion of Jilin Kaixuan Mansion in 2017, and recognized a majority of their GFA in the same year. Due to our construction schedule, we completed construction of two projects, namely Chengdu Leading Center (成都領地中心) and a portion of Leshan International Mansion (樂山國際公館), in 2018. Among these, Leshan International Mansion only contributed 55,563 sq.m. of GFA recognized in 2018, leaving a major portion of its saleable GFA to be recognized in 2019; meanwhile, Chengdu Leading Center did not contribute any GFA recognized in 2018 but was held as an investment property. As a result, our GFA recognized decreased in 2018 as compared to 2017. The ASP of our GFA recognized increased slightly to RMB8,250 per sq.m. in 2018 from RMB8,115 per sq.m. in 2017, primarily because the ASP of Jilin Kaixuan Mansion, which contributed to approximately 16.9% of our GFA recognized in 2017, was only RMB5,968.8 per sq.m., whereas Chengdu International Finance Center (成都環球金融中心) and a portion of Chengdu Jinxiang Lantai (成都錦巷蘭台), together contributing to approximately 30.7% of our GFA recognized in 2018, each had an ASP of RMB13,253 per sq.m. and RMB10,696 per sq.m., respectively. The ASP of Chengdu International Finance Center was higher as it consists of commercial properties which typically have higher price than residential properties; the ASP of Chengdu Jinxiang Lantai is higher primarily due to the prevailing market conditions in Chengdu.

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Revenue from commercial property operations increased by 80.3% to RMB51.4 million in 2018 from RMB28.5 million in 2017, primarily due to the increase in the GFA of leased commercial properties in 2018. We completed the construction of Jilin International Trade Center (吉林環球貿易中心) in October 2017. It commenced operations at the end of 2017. We also completed the construction of the east wing of Chengdu Leading Center (成都領地中心), which comprises commercial complex, in October 2017. It commenced operations in 2018. Therefore, our revenue from commercial property operations increased in 2018, as compared to 2017.

Revenue from hotel operations increased by 17.1% to RMB6.2 million in 2018 from RMB5.3 million in 2017, primarily due to the increase in the occupancy rate of Juzi Hotel Select (Xichang Leading Qionghai) (桔子酒店 ● 精選(西昌領地邛海店)) in 2018 compared with that of 2017.

Revenue from project management was RMB1.7 million in 2018. As we started the project management business in November 2018, we did not generate revenue from project management in 2017.

Cost of sales

Our cost of sales decreased by 31.9% to RMB2,903.9 million in 2018 from RMB4,266.1 million in 2017, which was generally in line with the decrease in our sale of properties.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 50.1% to RMB1,610.0 million in 2018 from RMB1,072.5 million in 2017. Our gross profit margin increased to 35.7% in 2018 from 20.1% in 2017 mainly because our major revenue-generating projects in 2018, such as Chengdu Jinxiang Lantai (成都錦巷蘭台), recorded comparatively higher gross profit margins due to its comparatively low land acquisition cost.

Other income and gains

Our other income and gains increased by 423.8% to RMB59.7 million in 2018 from RMB11.4 million in 2017, primarily attributable to (i) the increase in our compensation to RMB17.4 million in 2018 from RMB3.9 million in 2017 primarily due to (i) the increase in the number of projects resulting from our business expansion, which resulted in the increases in number of property purchasers who defaulted on the payments due pursuant to their purchase agreements with us, (ii) the increase in our interest income from joint ventures and an associate to RMB9.2 million in 2018 from nil in 2017 because we only commenced to extend borrowings to joint ventures and an associate starting from December 2017, and such borrowings did not generate interest in this same year, (iii) our interest income from a shareholder of an associate in the amount of RMB13.6 million in 2018 accrued on the advances we paid to the associate on behalf of such shareholder in relation to the development of a property project, namely, Chengdu Bocuilin Lake (成都博翠鄰湖), and (iv) the increase in government grants to RMB5.7 million in 2018 from RMB0.5 million in 2017.

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Selling and marketing expenses

Our selling and marketing expenses increased by 82.6% to RMB409.1 million in 2018 from RMB224.0 million in 2017, primarily attributable to an increase in pre-sale activities from four projects in 2017 to 21 projects in 2018.

Administrative expenses

Our administrative expenses increased by 120.0% to RMB349.6 million in 2018 from RMB158.9 million in 2017, primarily attributable to an increase in the management and administrative staff costs resulting from our business expansion. The number of our management and administrative staff increased to 812 in 2018 from 426 in 2017.

Other expenses

Our other expenses increased by 173.5% to RMB68.3 million in 2018 from RMB25.0 million in 2017, primarily due to (i) the increase in penalties to RMB53.9 million in 2018 from RMB2.3 million in 2017, which primarily resulted from our delay in payment of construction application fees and land grant fee in 2018. See “Risk Factors—Risks Relating to Our Business—We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late payment fees if we breach the terms of the land grant contracts;” and (ii) the increase in the provision for the losses from financial guarantees contracts to RMB8.0 million in 2018 from nil in 2017, which was as a result of the guarantees we provided to an Independent Third Party. Such Independent Third Party did not default on its obligations to its lender and we did not need to perform our obligations under such financial guarantees. However, we made a provision of loss with respect to such financial guarantees in accordance with the relevant accounting standards. The increase was partially offset by the decrease in the assets impairment losses.

Fair value gains on investment properties

Our fair value gains on investment properties decreased by 39.9% to RMB295.1 million in 2018 from RMB490.8 million in 2017, primarily due to the decrease in fair value gains from Chengdu International Finance Center (成都環球金融中心) and Chengdu Leading Center (成都領地中心). These two projects were under construction in 2017, and their fair value had been increasing along with the construction progress. We completed the construction of Chengdu International Finance Center and the east wing of Chengdu Leading Center in 2018. Therefore, in 2018, their fair value increased primarily as a result of the market conditions, which was at a relatively slow pace as compared to the increase resulting from the construction progress.

Finance costs

Our finance costs increased by 51.8% to RMB127.3 million in 2018 from RMB83.8 million in 2017, primarily due to an increase in the interest on bank and other borrowings in connection with our business expansion, and offset by an increase in the capitalized interest.

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Share of profits and losses of joint ventures and associates

Our share of losses of joint ventures increased to RMB32.7 million in 2018 from RMB5.2 million in 2017 primarily due to (i) the increase in the number of our joint ventures, and (ii) projects developed by our joint ventures were at early stages of development and thus had not commenced generating profits.

Our share of losses of associates increased to RMB12.5 million from RMB5.0 million primarily because projects by our associates were at early stages of development and had not commenced generating profits but needed further investments.

Income tax expense

Our income tax expense increased by 16.1% to RMB464.3 million in 2018 from RMB399.9 million in 2017, primarily due to the increase in LAT in 2018 resulting from the comparatively high appreciation rate of properties delivered in 2018, partially offset by decreases in corporate income tax in 2018 resulting from the decrease in our profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 20.2% to RMB517.7 million in 2018 from RMB649.0 million in 2017.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Properties under development

Properties under development are intended to be held for sale after completion. We do not categorize investment properties, even those under development, as properties under development. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interest and other costs directly attributable to such properties incurred during the development period and net realizable value. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. Upon completion, properties under development are transferred to completed properties held for sale. Our properties under development increased significantly from RMB6,315.6 million as of December 31, 2017 to RMB16,985.5 million as of December 31, 2018 to RMB27,983.6 million as of December 31, 2019 and further to RMB30,847.7 million as of May 31, 2020, primarily due to an increase in the number of our projects under development.

As of September 30, 2020, approximately RMB2,343.7 million, or 7.6% of our properties under development as of May 31, 2020, was subsequently transferred to completed properties held for sale.

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Completed properties held for sale

Completed properties held for sale represent completed properties remaining unsold as of the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. As of December 31, 2017, 2018 and 2019 and May 31, 2020, we had completed properties held for sale of RMB2,497.5 million, RMB1,657.4 million, RMB1,296.7 million and RMB1,216.0 million, respectively. The general decrease in our completed properties held for sale over the Track Record Period was primarily because of the delivery of the completed properties we held. In the meanwhile, our properties transferred from properties under development were limited, primarily as a result of our construction schedules.

As of September 30, 2020, approximately RMB77.7 million, or 6.4% of our completed properties held for sale as of May 31, 2020, was subsequently sold.

Investment properties

Investment properties are properties we retain mainly for rental income purposes and for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from properties for development, properties under development for sale or completed properties for sale to investment properties, any difference between the fair value of the properties at that date and its previous carrying amount is recognized in profit or loss. The value of our investment properties totaled approximately RMB4,072.1 million, RMB4,463.8 million, RMB4,580.8 million and RMB4,574.0 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020. The general increase in the value of our investment properties during from December 31, 2017 to December 31, 2019 was primarily attributable to (i) the addition of our investment properties, including Chengdu International Finance Center, Jilin International Trade Center and Chengdu Leading Center, and (ii) the appreciation of the fair value of our investment properties. The value of our investment properties slightly decreased in the five months ended May 31, 2020 primarily due to the COVID-19 pandemic’s adverse effects on the fair value of our investment properties and because we sold a small portion of our investment properties.

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Investments in joint ventures and associates

We formed joint ventures and associates with business partners to develop specific property projects. We recorded investments in joint ventures in the amount of RMB338.2 million, RMB362.6 million, RMB595.9 million and RMB555.5 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020. We also recorded investments in associates in the amount of nil, RMB85.5 million, RMB78.4 million and RMB45.7 million, respectively, as of December 31, 2017, 2018 and 2019 and May 31, 2020.

We prepared profit forecast for each underlying project operated by each individual joint venture or associate, and closely monitor the status of such projects. Certain joint ventures and associates recorded losses during the Track Record Period primarily because their respective property projects were in the preliminary stage of the property development. We expect that each individual joint venture or associate will generate profits after delivering their respective property projects. Based on the foregoing, our Directors are of the view that each individual joint venture or associate operated in line with the original plan, and thus no provision of impairment was needed for any of our joint ventures and associates as of December 31, 2017, 2018 and 2019 and May 31, 2020. For information on the operation results of our material joint ventures and associates during the Track Record Period, see Note 18 to the Accountants’ Report included in Appendix I to this document.

Trade receivables

Our trade receivables primarily consist of payments receivable from our customers for sales of residential and commercial properties which we have delivered, and were incurred mainly because certain of our property purchasers pay in installments.

Our trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

Our trade receivables increased significantly to RMB113.0 million as of December 31, 2018, primarily due to the significant amount of trade receivables from a customer to whom we had delivered certain commercial properties in Chengdu International Finance Center as of December 31, 2018. Our trade receivables decreased to RMB60.8 million as of December 31, 2019, mainly because we recognized more GFA of residential properties, given that residential property purchasers, when compared with commercial property purchasers, generally are less likely to pay in installments. Our trade receivables further decreased slightly to RMB56.8 million as of May 31, 2020.

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Our trade receivables turnover days are calculated by dividing the average of trade receivables at the beginning and the end of the period by revenue and multiply the resulting value by 365 days for a full-year period or 150 for a five-month period. Our trade receivables turnover days were 0.3 days, 4.7 days, 4.2 days and 2.9 days for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. Our trade receivables turnover days increased from December 31, 2017 to December 31, 2018 and remained at the same level as of December 31, 2019 mainly because we had more commercial properties sold since December 31, 2017, which typically have longer turnover days as compared with residential properties. Our trade receivables turnover days decreased as of May 31, 2020 mainly because we had fewer commercial properties sold and more residential properties sold since December 31, 2019. We typically grant to our commercial properties purchasers credit terms, ranging from more than three days to half a year, with very few exceptions where credit terms of more than half a year may be approved on a case-by-case basis.

The table below sets forth the aging analysis of the trade receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Less than one year	5,154	113,040	60,788	56,838
Over one year.	—	—	—	—
Total.	<u>5,154</u>	<u>113,040</u>	<u>60,788</u>	<u>56,838</u>

We maintain strict control over our trade receivables and review overdue trade receivables regularly. During the Track Record Period, we did not impair any of our trade receivables. As our trade receivables relate to a large number of diversified customers, we believe that there is no significant concentration of credit risk.

As of September 30, 2020, approximately RMB17.2 million, representing approximately 30.3% of our trade receivables as of May 31, 2020, was subsequently collected. The remaining 69.7% of our trade receivables existed as of May 31, 2020 had not been collected as of the Latest Practicable Date primarily because the trade receivable from one of our customers, the outstanding balance of which being RMB31.8 million, had not become due as of the Latest Practicable Date.

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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 May 31,
	2017	2018	2019	2020
	(RMB'000)			
Prepayments for acquisition of land use rights	—	—	50,105	1,152,640
Prepayments for construction cost	33,490	56,947	118,526	165,621
Deposits for land auction	370,430	40,400	40,000	—
Other deposits	144,248	212,445	318,992	304,416
Other tax recoverable	148,192	517,611	967,474	1,122,215
Advance to staff	872	2,101	1,443	3,798
Due from non-controlling shareholders of the subsidiaries	93,610	378,881	439,916	520,919
Due from third parties	60,000	—	27,129	2,297
Other prepayments	5,433	18,197	16,637	29,735
Interest receivables	—	13,572	—	—
Other receivables	15,691	32,334	32,307	25,443
Impairment	(71,609)	(77,106)	(77,427)	(77,810)
	<u>800,357</u>	<u>1,195,382</u>	<u>1,935,102</u>	<u>3,249,274</u>

Our prepayments for acquisition of land use rights primarily represents our prepayments for the land use rights for which we had entered into land grant contracts but not received land use rights certificates/real estate title certificates (Land). We had prepayments for acquisition of land use rights in the amount of RMB1,152.6 million as of May 31, 2020 mainly due to the timing of acquisition and the timing of obtaining the relevant land use rights certificate. Such prepayments were incurred for acquisition of the land parcels for eight projects, for which we expect to obtain the land use rights certificates between August and October 2020. As of September 30, 2020, approximately RMB828.4 million, representing approximately 71.9% of our prepayments for acquisition of land use rights as of May 31, 2020, had been subsequently settled.

Our prepayments for construction cost primarily represents advances to our contractors for the preparatory construction work and prepayments to suppliers for construction materials. Our prepayments for construction cost increased to RMB165.6 million as of May 31, 2020 primarily because of the increase in our properties under development.

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Our deposits for land auction represents the deposits paid to local land resources bureaus before we participated in public tenders, auctions and listings-for-sale. Our deposits for land auction decreased to RMB40.4 million as of December 31, 2018, as compared to RMB370.4 million as of December 31, 2017, primarily because of the land parcels purchased for Chengdu Lantai House (成都蘭台府) and Xuzhou Fengming Taoyuan Fengyasong (徐州鳳鳴桃源風雅頌) projects, for which we had significant deposits as of December 31, 2017. We did not record deposits for land auction as of May 31, 2020 because we did not have any bids placed on any land parcels as of the same date.

Our other deposits primarily represents deposits in relation to migrant-workers’ wages, lease deposits, financing deposits, mortgage deposits, deposits to our business partners to assure prospective cooperation, as well as deposits to relevant regulatory authorities to assure development of projects. Financing deposits and mortgage deposits differ from pledged deposits as the latter are maintained in our own accounts, whereas the former are deposited in bank accounts other than ours. See “—Cash and Cash Equivalents, Restricted Cash and Pledged Deposits.”

Our other tax recoverable primarily relates to the prepaid value added tax and the prepaid tax surcharge. Our other tax recoverable increased significantly from RMB148.2 million as of December 31, 2017 to RMB517.6 million as of December 31, 2018 to RMB967.5 million as of December 31, 2019 and RMB1,122.2 million as of May 31, 2020, primarily due to the increases in pre-sale proceeds resulting from increase in pre-sale activities. As of September 30, 2020, approximately RMB234.8 million, representing approximately 20.9% of our other tax recoverable as of May 31, 2020, had been recovered.

Our advance to staff primarily represents our cash advances to employees for work-related payments. Our advance to staff increased from RMB0.9 million as of December 31, 2017 to RMB2.1 million as of December 31, 2018 to RMB1.4 million as of December 31, 2019 and RMB3.8 million as of May 31, 2020, primarily as a result of the increases in the number of our project companies.

Our amount due from non-controlling shareholders of the subsidiaries primarily represents the amounts payable to our project companies by their respective non-controlling shareholders incurred due to the advances from the project companies to such non-controlling shareholders where the project companies commenced to generate sufficient positive cash flows. We made such advances only when (i) we had sufficient cash in our bank accounts so that we were able to maintain the minimum balance that we were required to maintain by the applicable laws and regulations in order to cover the construction costs to complete the relevant property projects; (ii) the pre-sale proceeds used for making such advances are (a) those not deposited into the designated escrow accounts and (b) general funds in escrow in nature; and (iii) the local regulations of the region where such advances were made do not restrict the use of general funds in escrow. As advised by our PRC Legal Advisors, this practice is in compliance with applicable laws and regulations relating to pre-sale proceeds. The source of funds in our general banking accounts mainly include bank and other borrowings and revenue recognized from sale of properties with a small portion originated from pre-sale proceeds. See “Business—Legal Proceedings and Compliance—Non-compliance incidents—4. Pre-sale Proceeds Incidents.” Meishan

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Jianzhong Construction Material Co., Ltd. (眉山市建忠建築材料有限公司), the non-controlling shareholder of Xichang Leading Real Estate, is owned as to 17.7% in aggregate by Mr. Liu Yuguo (劉玉國), the cousin of Mr. Liu Yuhui, and Ms. Liu Yuhui (劉玉惠), the sister of Mr. Liu Yuhui. The sole shareholder and director of Meishan Derui Trading Co., Ltd. (眉山市德瑞貿易有限公司), the non-controlling shareholder of Sichuan Yuandi Real Estate, is Mr. Liu Yuguo. All of the other non-controlling shareholders of the subsidiaries are Independent Third Parties. The advances are non-trade in nature, repayment on demand and interest-free. Therefore, they did not constitute currency funds bearing interests under the Lending General Provisions (《貸款通則》) promulgated by the PBOC. Moreover, according to the Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), for private lending contracts concluded between legal persons or unincorporated organizations and between legal persons and unincorporated organizations for the need of production and operation, except for the existence of the circumstances stipulated in Article 52 of the Contract Law and Article 14 of the abovementioned provisions, where the parties concerned claim that the private lending contract is effective, the People’s Court shall uphold such claim. The Property Rights Law of the PRC (the “**Property Rights Law**”) (《中華人民共和國物權法》) also supports the a property right holder’s right to freely dispose of their properties (including monetary funds) in accordance with the law. The Lending General Provisions are department rules rather than compulsory laws or administrative regulations. The Property Rights Law and the Contract Law pre-empt the Lending General Provisions. A contract can only be invalidated by laws or regulations in accordance with the Contract Law. Therefore, our PRC Legal Advisors are of the view that our advances to the non-controlling shareholders during the Track Record Period were valid private loans and in compliance with all applicable laws and regulations. Our amount due from non-controlling shareholders of the subsidiaries increased significantly from RMB93.6 million as of December 31, 2017 to RMB378.9 million as of December 31, 2018 to RMB439.9 million as of December 31, 2019 and RMB520.9 million as of May 31, 2020, primarily due to the increase in the number of our projects, which is in line with our business expansion. As of September 30, 2020, approximately RMB296.8 million, representing 57.0% of amount due from non-controlling shareholders of the subsidiaries as of May 31, 2020, had been settled. Such advances to non-controlling shareholders were repayable on demand, and we were entitled to request the non-controlling shareholders to repay such advances in case we would be in need of cash to complete construction of the relevant projects. We do not expect any recoverability issue with respect to such amount due from non-controlling shareholders of the subsidiaries. We expect to settle the majority portion of the amount due from non-controlling shareholders of the subsidiaries before the [REDACTED] and will continue to settle the rest in due course as the relevant property projects complete.

Our amount due from third parties primarily represents (i) deposits paid in relation to acquisition of equity interests to the original shareholder of the target company, or (ii) the principal amount of a non-interest bearing borrowing extended to an Independent Third Party subsequently settled in January 2018.

Our other prepayments primarily represents prepayments in relation to electricity fees of our commercial properties and prepayments made in relation to procurement.

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Our interest receivables mainly represents interests receivable from a shareholder of Chengdu Jinkaishengrui Real Estate Development Co., Ltd. (成都金凱盛瑞房地產開發有限公司), an associate of ours, for a loan extended by us for the development of Chengdu Bocuilin Lake (成都博翠鄰湖).

Our other receivables primarily represents advances of application fees for certain certificates on behalf of other parties and certain deposits we made to our suppliers to assure future purchases.

Our impairment is in connection with other deposits, in particular, certain deposits with our business partners.

Cash and Cash Equivalents, Restricted Cash and Pledged Deposits

We set out below our cash and cash equivalents, restricted cash and pledged deposits as of the dates indicated:

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Cash and bank balances	996,099	1,463,335	3,177,557	5,582,865
Less: Restricted cash	210,686	519,822	1,637,442	2,039,356
Pledged deposits	<u>91,954</u>	<u>153,712</u>	<u>158,473</u>	<u>132,122</u>
Cash and cash equivalents	<u>693,459</u>	<u>789,801</u>	<u>1,381,642</u>	<u>3,411,387</u>

Our restricted cash primarily represent the proceeds from pre-sales that we deposit with the bank accounts designated by local housing administration authorities pursuant to the Pre-sales Measures and the relevant regulations. We may withdraw the deposits only to fund the construction of the relevant projects. See “Regulatory Overview—Real Estate Transactions—Pre-sale of commodity properties.” Our restricted cash increased from RMB210.7 million as of December 31, 2017 to RMB519.8 million as of December 31, 2018 to RMB1,637.4 million as of December 31, 2019, and further to RMB2,039.4 million as of May 31, 2020, which is generally in line with increase in our pre-sale activities resulting from the increase in our number of projects.

Our pledged deposits primarily represent the cash collateral we provided to financial institutions to obtain mortgage loans for our customers and financings for our property development.

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Financial assets at fair value through profit or loss

We invested in wealth management products with medium-risk profile during the Track Record Period. Our financial assets at fair value through profit or loss represents the wealth management products we maintained during the Track Record Period. Our financial assets at fair value through profit or loss decreased from RMB3.1 million as of December 31, 2018 to RMB2.0 million as of December 31, 2019, mainly because certain wealth management products we maintained as of December 31, 2018 matured in April, July and August 2019, respectively. Our financial assets at fair value through profit or loss increased from RMB2.0 million as of December 31, 2019 to RMB11.6 million as of May 31, 2020, mainly because we purchased additional non-speculative wealth management products of similar kinds to make better use of the increasing amount of cash we generated from operations. As of December 31, 2017, we did not have financial assets at fair value through profit or loss.

We believe we can make better use of our cash by making appropriate investments to enhance our income without interfering with our business operation or capital expenditures. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to duration of investment and the expected returns and potential losses of such investment. Our strategic investment department (戰略投資部門), subject to the review and approval of our Board, is responsible for managing our investment activities. Our finance management center (財務管理中心) assesses our cash flow, operational needs and capital expenditure as well as the targeted products’ risk profile before making a proposal to invest in investment products. If our cash flow exceeds operational needs and appropriate short-term investment opportunities are available, our finance management center (財務管理中心) will submit the investment proposal to our Board for review and approval. Our strategic investment department (戰略投資中心) is responsible for overseeing our investment activities. We typically invest in products that are principal investment amount guaranteed or with a low risk profile. We believe that our internal control policies regarding investment in financial assets and risk management mechanism are adequate.

Amounts Due from Related Companies

See “—Related Party Transactions.”

Amounts Due to Related Companies

See “—Related Party Transactions.”

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Trade and bills payables

Our trade and bills payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from construction contractors and third party suppliers. We typically pay our construction contractors and third party suppliers according to the schedules stipulated in our agreements with them. The general increase in our trade and bills payables during the Track Record Period was in line with the increase in our property construction and development activities.

Our trade and bills payables turnover days were 160.5 days, 276.9 days, 216.0 days and 315.9 days for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. Our trade and bills payables turnover days are calculated by dividing the average of trade and bills payables at the beginning and the end of the period by cost of sales and multiply the resulting value by 365 days for a full-year period or 150 for a five-month period. The trade and bills payables are affected by the scale of our development activities conducted during the relevant period and the cost of sales are affected by our properties completed and delivered during the relevant period. The fluctuation in our trade payables turnover days during the Track Record Period was primarily due to the combined effect of our properties completed and delivered and project construction started and on-going during the respective periods. Due to the time mismatch between recording trade payables affected by the development of properties and recognizing cost of sales upon delivery of properties, our trade payables turnover days may continue to fluctuate significantly in accordance with our property development schedules.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Within three months	1,753,741	2,067,756	3,601,104	3,203,266
Three to six months	20,995	98,241	48,600	537,777
Six months to one year	60,748	109,640	103,273	548,991
Over one year.	<u>166,298</u>	<u>128,921</u>	<u>305,395</u>	<u>296,464</u>
Total	<u>2,001,782</u>	<u>2,404,558</u>	<u>4,058,372</u>	<u>4,586,498</u>

Our trade and bills payables are unsecured and interest-free.

As of September 30, 2020, approximately RMB2,255.6 million, representing 49.2% of trade and bills payables as of May 31, 2020, had been settled.

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Other payables, deposits received and accruals

The following table sets forth the components of our other payables, deposits received and accruals as of the dates indicated.

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Deposits related to construction .	194,519	204,580	275,314	355,904
Advance from non-controlling shareholders of subsidiaries . . .	329,900	646,704	948,292	921,527
Maintenance fund	62,686	44,629	45,157	41,310
Advance from third parties	9,067	21,142	21,217	1,218
Payroll and welfare payable	49,582	87,397	90,955	44,831
Tax and surcharges	21,128	21,158	30,907	19,592
Deposits related to the sale of properties	48,609	21,033	38,677	28,573
Distribution payable	2,595	—	—	—
Interest payable	6,493	29,384	33,739	114,207
Share consideration payable . . .	328,760	101,315	269,740	971,558
Accrued liabilities	2,805	22,805	49,922	29,650
Payable related to land acquisition	—	—	805,845	805,845
Others	45,490	52,179	55,735	33,015
Total	<u>1,101,634</u>	<u>1,252,326</u>	<u>2,665,500</u>	<u>3,367,230</u>

Our deposits related to construction comprise of the quality assurance deposits, performance bonds and bid bonds we received from our contractors. Increase in our deposits related to construction from RMB194.5 million as of December 31, 2017 to RMB204.6 million as of December 31, 2018 to RMB275.3 million as of December 31, 2019 and further to RMB355.9 million as of May 31, 2020 is generally in line with increase in our projects under construction.

Our advance from non-controlling shareholders of subsidiaries represents the advances of non-trade in nature from the non-controlling shareholders of our subsidiaries arising from ordinary course of our business. Our advance from non-controlling shareholders of subsidiaries increased from RMB330.0 million as of December 31, 2017 to RMB646.7 million as of December 31, 2018 and further to RMB948.3 million as of December 31, 2019 primarily because of the increase in the number of our project companies, which was in line with the increase in our property development activities. Our advance from non-controlling shareholders of subsidiaries as of December 31, 2019 and May 31, 2020 remained at the same level. As of September 30, 2020, approximately RMB151.3 million, representing approximately 16.4% of our advance from non-controlling shareholders of subsidiaries as of May 31, 2020, was subsequently settled. Although the advance from non-controlling shareholders of subsidiaries will not be fully settled before the [REDACTED] and such

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advances will recur in the future during the ordinary course of our business, we do not expect any liquidity issue regarding the repayment and will repay such advances in due course as the construction and delivery of relevant property projects progress.

Our maintenance fund represents the funds we received on behalf of our customers in relation to maintenance of residential properties.

Our advance from third parties represents the non-trade payables to other parties which primarily comprise deposits or non-interest-bearing borrowings extended by other parties in relation to prospective business cooperations with us.

Our payroll and welfare payable represents the unpaid salaries and welfares payable. Increase in our payroll and welfare payable from RMB49.6 million as of December 31, 2017 to RMB87.4 million as of December 31, 2018 and further to RMB91.0 million as of December 31, 2019 is primarily attributable to (i) our business expansion which resulted in increase in the number of our employees, and (ii) increase in our employee welfare. Decrease in our payroll and welfare payable from RMB91.0 million as of December 31, 2019 to RMB44.8 million as of May 31, 2020 is primarily because the bonus for the last quarter of 2019 was paid to employees in January 2020.

Our tax and surcharges comprise unpaid tax and surcharges payable, excluding LAT and corporate income tax.

Our deposits related to sale of properties represents the deposits we received from our customers in relation to their purchases of properties from us.

Our distribution payable represents unpaid declared dividends of non-controlling shareholders of our subsidiaries.

Our share consideration payable represents unpaid consideration payable in exchange for equity shares in certain project companies we acquired from third parties. Fluctuation in our share consideration payable is in line with our equity interest acquisition activities and the variances in the payment schedules of our equity acquisitions during the Track Record Period. Our share consideration payable increased significantly from RMB269.7 million as of December 31, 2019 to RMB971.6 million as of May 31, 2020, primarily because an indirect wholly-owned subsidiary of our Company entered into an equity transfer agreement to acquire the entire equity interest in Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發有限公司) (“**Chengdu Gangji**”) and we were obligated to pay the consideration as the equity transfer completed in May 2020. The share consideration payable arising from the acquisition of Chengdu Gangji was RMB723.3 million as of May 31, 2020, which was fully settled in June 2020. As of September 30, 2020, approximately RMB725.7 million, representing 74.7% of share consideration payable as of May 31, 2020, had been settled.

Our accrued liabilities represents provision of losses made in relation to certain litigations.

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In April 2018, Mianyang Wangya Construction Materials Co., Ltd. (綿陽市旺亞建材有限公司) (“**Mianyang Wangya**”) entered into a sales contract for rolled steel (the “**Mianyang Wangya Sales Contract**”) with Sichuan Langye Construction Engineering Co., Ltd. (四川郎業建築工程有限公司) (“**Sichuan Langye**”), Mianyang Sanhe Industrial Co., Ltd. (綿陽市三和實業有限公司) (a subsidiary of our Company, “**Mianyang Sanhe**”) and Fan Dekang (范德康), under which Mianyang Wangya provided rolled steel to Sichuan Langye, the general contractor, for the construction of Mianyang Tianyu (綿陽天嶼) project to be developed by Mianyang Sanhe. Mianyang Sanhe and Fan Dekang, the majority shareholders of Sichuan Langye, guaranteed Sichuan Langye’s payments pursuant to the Mianyang Wangya Sales Contract. We provided the guarantee as the property project developer because the construction costs payable to Sichuan Langye had not been settled entirely. In April 2020, Mianyang Wangya sued Sichuan Langye for its payment under the Mianyang Wangya Sales Contract plus interests in the aggregate amount of approximately RMB7.4 million as of April 13, 2020, alleging that Sichuan Langye failed to pay for the rolled steel provided by Mianyang Wangya according to the payment schedule under the Wangya Sales Contract. Mianyang Wangya also claimed that Mianyang Sanhe and Fan Dekang should also be liable for such payment based on the joint guarantees they provided. According to the attorneys who represent us in this case, if we assume the guarantee liability and the court enforces the payment against us, we may subsequently make an indemnity claim against Sichuan Langye and Fan Dekang. In addition, in August 2020, we entered into agreements with Sichuan Langye, under which Sichuan Langye agreed to indemnify us for the entire amount if the court enforces the payment against us, including the principal amount, accrued interests, as well as litigation fees and attorney fees arising from the enforcement proceedings, which may be deducted from the construction costs payable to Sichuan Langye for Mianyang Tianyu (綿陽天嶼). The amount that Mianyang Wangya claimed in this litigation was lower than the construction costs payable to Sichuan Langye as of the Latest Practicable Date. Furthermore, Zhang Cong, from whom we acquired the equity interests in Mianyang Sanhe, also guaranteed our guarantee made under the Mianyang Wangya Sales Contract, and therefore we may also make an indemnity claim against Zhang Cong. Mianyang Tianyu (綿陽天嶼) was completed in March 2020 and will be soon delivered to our customers in November 2020. The court decided in July 2020 that Sichuan Langye is liable for the entire amount of the payment claimed by Mianyang Wangya and Mianyang Sanhe and Fan Dekang shall be jointly liable for such payment. We had appealed the court’s decision in August 2020, and as of the Latest Practicable Date, the appellate case was pending. With respect to this case, we recorded the accrued liabilities in the amount of RMB7.4 million as of May 31, 2020. We do not consider the dispute with Mianyang Wangya would otherwise have a material adverse effect on our financial condition or results of operation.

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Our payable related to land acquisition represents the payment by installments for Kaili Leading Tianyu project. See “Business—Our Property Development Business—Description of Projects—Kaili Leading Tianyu (凱里領地天御).” We did not have such payables as of December 31, 2017 and 2018.

Others mainly include deposits related to rental of properties and sales commission payable.

Our other payables, deposits received and accruals are unsecured and repayable on demand.

As of September 30, 2020, approximately RMB1,434.9 million, representing approximately 42.6% of our other payables, deposits received and accruals as of May 31, 2020, had been settled.

Contract liabilities

Our contract liabilities represent our obligations to transfer goods and services to a customer for which we have received consideration from the customer, which mainly represents the sales proceeds received from our property purchasers in connection with our pre-sale of properties at the end of each of the periods during the Track Record Period. As of December 31, 2017, 2018 and 2019 and May 31, 2020, we recorded contract liabilities of RMB4,268.4 million, RMB9,522.3 million, RMB15,398.3 million and RMB18,585.3 million, respectively. The continuous increase of our contracted liabilities as of December 31, 2017, 2018 and 2019 and May 31, 2020 was in line with the increase in our pre-sale activities.

As of September 30, 2020, approximately RMB3,172.7 million, representing approximately 17.1% of our contract liabilities existing as of May 31, 2020 was subsequently settled.

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NET CURRENT ASSETS

During the Track Record Period, we had met our working capital needs mainly from cash flow from operations, bank and other borrowings, including trust and other financing. 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	May 31,	September 30,
			(RMB'000)	2020	2020
					(Unaudited)
Current assets					
Properties under development	6,315,573	16,985,467	27,983,573	30,847,738	35,706,318
Completed properties held for sale . . .	2,497,505	1,657,437	1,296,666	1,215,995	1,254,364
Trade receivables	5,154	113,040	60,788	56,838	65,746
Due from related companies	247,894	603,421	730,271	1,814,572	1,849,555
Prepayments, deposits and other					
receivables	800,357	1,195,382	1,935,102	3,249,274	2,514,977
Tax recoverable	161,555	212,727	387,441	480,083	525,425
Financial assets at fair value through					
profit or loss	—	3,100	2,000	11,560	22,360
Other current assets	10,173	9,884	110,551	192,711	302,254
Restricted cash	210,686	519,822	1,637,442	2,039,356	3,002,425
Pledged deposits	91,954	153,712	158,473	132,122	140,355
Cash and cash equivalents	693,459	789,801	1,381,642	3,411,387	1,131,682
Assets of a disposal group classified as					
held for sale	186,401	186,577	—	—	—
Total current assets	11,220,711	22,430,370	35,683,949	43,451,636	46,515,461
Current liabilities					
Trade and bills payables	2,001,782	2,404,558	4,058,372	4,586,498	4,631,392
Other payables, deposits received and					
accruals	1,101,634	1,252,326	2,665,500	3,367,230	3,702,817
Due to related companies	307,723	412,532	727,263	619,389	264,646
Interest-bearing bank and other					
borrowings	676,909	3,181,199	5,763,159	5,084,101	2,614,824
Tax payable	165,242	455,757	662,390	939,966	1,224,437
Contract liabilities	4,268,378	9,522,307	15,398,334	18,585,313	22,638,636
Financial guarantee contracts	—	7,487	1,176	197	55
Lease liabilities	6,021	3,921	4,512	4,526	4,668
Liabilities of a disposal group classified					
as held for sale	119,762	103,205	—	—	—
Total current liabilities	8,647,451	17,343,292	29,280,706	33,187,220	35,081,475
Net current assets	2,573,260	5,087,078	6,403,243	10,264,416	11,433,986

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Our net current assets generally increased during the Track Record Period primarily due to the increase in properties under development, partially offset by current portion of the borrowings and contract liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash have been for the development of our property projects. Our main source of liquidity has been generated from mainly from cash flow from operations and bank and other borrowings. As of December 31, 2017, 2018 and 2019 and May 31, 2020, we had cash and bank balances of RMB996.1 million, RMB1,463.3 million, RMB3,177.6 million and RMB5,582.9 million, respectively, which consisted of restricted cash, pledged deposits, cash at bank and on hand. In the foreseeable future, we expect these requirements to continue to be our principal requirements of liquidity and we may use a portion of the [REDACTED] from the [REDACTED] to finance some of our capital requirements.

Cash flow

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2017	2018	2019	2019	2020
	(RMB'000)			(Unaudited)	
Operating cash flow before changes					
in working capital	542,425	824,211	1,245,171	74,101	625,103
Changes in working capital	(137,266)	(3,664,416)	(2,500,350)	(282,992)	908,787
Interest received	6,421	17,297	26,151	17,453	4,550
Interest paid	(419,559)	(722,025)	(813,455)	(442,822)	(703,330)
Interest element of finance lease					
rental payments	412	589	593	177	276
Tax paid	(179,009)	(743,401)	(1,070,314)	(522,147)	(462,244)
Net cash flows generated from					
(used in) operating activities	(186,576)	(4,287,745)	(3,112,204)	(1,156,230)	373,142
Net cash flows generated from					
(used in) investing activities	(2,310,141)	(1,199,606)	(726,313)	16,192	(1,281,921)
Net cash flows generated from					
financing activities	<u>2,863,661</u>	<u>5,593,735</u>	<u>4,402,956</u>	<u>1,374,740</u>	<u>2,938,524</u>
Net increase in cash and cash					
equivalents	<u>366,944</u>	<u>106,384</u>	<u>564,439</u>	<u>234,702</u>	<u>2,029,745</u>
Cash and cash equivalents at					
beginning of year/period	<u>343,875</u>	<u>710,819</u>	<u>817,203</u>	<u>817,203</u>	<u>1,381,642</u>
Cash and cash equivalents at end of					
year/period	<u><u>710,819</u></u>	<u><u>817,203</u></u>	<u><u>1,381,642</u></u>	<u><u>1,051,905</u></u>	<u><u>3,411,387</u></u>

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Net cash generated from (used in) operating activities

Our net cash used in operating activities principally comprises payments made in relation to our property development activities, including construction costs and land acquisitions. Our cash generated from operating activities is principally proceeds received from pre-sales and sale of our properties.

For the five months ended May 31, 2020, our net cash flows generated from operating activities were RMB373.1 million, which was the result of cash generated from operating activities of RMB1,533.9 million, interest received of RMB4.6 million and interest element of finance lease rental payments of RMB0.3 million, partially offset by interest paid of RMB703.3 million and tax paid of RMB462.2 million.

In 2019, our net cash flows used in operating activities were RMB3,112.2 million, which was the result of cash used in operations of RMB1,255.2 million, tax paid of RMB1,070.3 million and interest paid of RMB813.5 million, partially offset by interest received of RMB26.2 million and interest element of finance lease rental payments of RMB0.6 million.

In 2018, our net cash flows used in operating activities were RMB4,287.7 million, which was the result of cash used in operations of RMB2,840.2 million, interest paid of RMB722.0 million and tax paid of RMB743.4 million, partially offset by interest received of RMB17.3 million and interest element of finance lease rental payments of RMB0.6 million.

In 2017, our net cash flows used in operating activities were RMB186.6 million, which was the result of interest paid of RMB419.6 million and tax paid of RMB179.0 million, partially offset by cash generated from operations of RMB405.2 million, interest received of RMB6.4 million and interest element of finance lease rental payments of RMB0.4 million.

Net cash used in investing activities

Our cash used in investing activities principally comprises of cash outflows in connection with our investment properties, investments in associates and joint ventures and purchase of property, plant and equipment as well as intangible assets.

For the five months ended May 31, 2020, our net cash flows used in investing activities were RMB1,281.9 million, which was primarily attributable to (i) advances to related companies of RMB1,438.9 million; (ii) advances to third parties of RMB578.4 million; and (iii) acquisitions of subsidiaries that are not businesses of RMB136.2 million.

In 2019, our net cash flows used in investing activities were RMB726.3 million, which was primarily attributable to (i) advances to related companies of RMB1,255.0 million; (ii) advances to third parties of RMB352.8 million, and (iii) acquisitions of subsidiaries that are not businesses of RMB269.7 million.

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In 2018, our net cash flows used in investing activities were RMB1,199.6 million, which was primarily attributable to (i) advances to related companies of RMB984.2 million, (ii) advances to third parties of RMB575.0 million and (iii) increase in loans to joint ventures and associates of RMB289.4 million.

In 2017, our net cash flows used in investing activities were RMB2,310.1 million which was primarily attributable to (i) advances to related companies of RMB1,602.6 million, (ii) acquisition of subsidiaries that are not businesses of RMB685.7 million, and (iii) additions of investment properties of RMB548.2 million.

Net cash generated from financing activities

Our cash used in financing activities principally comprises repayment of advance from related parties, advance to related parties and repayment of interest-bearing bank and other borrowings. Our cash generated from financing activities principally comprises proceeds from interest-bearing bank and other borrowings, repayment from related parties and repayment of advance to related parties.

For the five months ended May 31, 2020, our net cash flows generated from financing activities were RMB2,938.5 million, which was primarily attributable to (i) proceeds from interest-bearing bank and other borrowings of RMB5,529.0 million, (ii) advances from third parties of RMB319.3 million, and (iii) capital contribution by the non-controlling shareholders of RMB40.7 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB2,129.3 million, (ii) repayment of advances from related companies of RMB467.7 million, and (iii) repayment of advances from third parties of RMB366.0 million.

In 2019, our net cash generated from financing activities were RMB4,403.0 million, which was primarily attributable to (i) proceeds from interest-bearing bank and other borrowings of RMB8,593.8 million, (ii) advances from related companies of RMB3,211.0 million, and (iii) advances from third parties of RMB1,659.4 million, partially offset by (i) repayment of advances from related companies of RMB3,030.0 million, (ii) repayment of interest-bearing bank and other borrowings of RMB4,677.6 million, and (iii) repayment of advances from third parties of RMB888.5 million.

In 2018, our net cash generated from financing activities were RMB5,593.7 million, which was primarily attributable to (i) proceeds from interest-bearing bank and other borrowings of RMB6,326.3 million, (ii) advances from related companies of RMB2,681.5 million and (iii) advances from third parties of RMB1,071.8 million, partially offset by (i) repayment of advances from related companies of RMB2,636.9 million, (ii) repayment of interest-bearing bank and other borrowings of RMB2,011.9 million and (iii) repayment of advances from third parties of RMB742.9 million.

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In 2017, our net cash generated from financing activities were RMB2,863.7 million, which was primarily attributable to (i) proceeds from interest-bearing bank and other borrowings of RMB3,740.1 million, (ii) advances from related companies of RMB2,335.5 million, and (iii) capital contribution by the then parent company in the amount of RMB1,410.0 million, partially offset by (i) repayment of advances from related companies of RMB3,389.5 million, (ii) repayment of interest-bearing bank and other borrowings of RMB1,313.0 million, and (iii) repayment of advances from third parties of RMB202.8 million.

Working capital

Property development require substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, we have funded our growth principally from cash generated from our operations and borrowings from banks, and trust and other financings. Our financing methods vary from project to project and are subject to limitation imposed by the PRC or other local regulations and monetary policies. See “—Cash Flow—Net Cash Used in Operating Activities.”

To achieve sufficient working capital and improve our net operating cash outflows position, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by enhancing our payment collection from customers and strengthening our cost control efforts. While we endeavor to deliver quality properties, we aim to commence pre-sales in an efficient manner so as to manage our inventories and cash return more effectively. We have standardized our procedures to manage the full cycle of our project development activities in order to ensure the quality of our property projects and effectively control our costs. In addition, following our continuous expansion of property portfolio, we expect our saleable GFA will continue to increase from which we expect to generate additional operating cash. We intend to continue to monitor our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds. 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. Our Directors are of the view that the above-mentioned measures will enable us to achieve more sufficient working capital.

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Sufficiency working capital

Taking into account our current project development and sales schedules and plans, our expected cash generated from operating activities, the estimated capital expenditure for 2020 and 2021, see “—Capital expenditure,” our cash and cash equivalents, see “—Cash flow,” and the unutilized banking facilities, see “—Indebtedness—Overview,” the estimated [REDACTED] from the [REDACTED], our bank and other borrowings, and any additional financial resources available to us, together with our expected cash outflow in the near future, which was mainly driven by the increase in the number of our existing property development projects entering into development stage and the unpaid land premium, our Directors are of the opinion that we will have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

Capital expenditure

Our capital expenditure during the Track Record Period primarily represented expenditures incurred relating to purchase of property, plant and equipment and acquisition of intangible assets such as certain software. In 2017, 2018 and 2019 and the five months ended May 31, 2020, we incurred capital expenditures of RMB53.9 million, RMB98.7 million, RMB26.7 million and RMB9.5 million, respectively.

Our Directors estimate that our capital expenditure for the years ending December 31, 2020 and 2021 will be approximately RMB42.3 million and RMB57.0 million, respectively. Such estimates represent the total capital expenditure we expect to incur in the relevant years based on our existing business plans. We may adjust our business plans and the estimate total capital expenditure may also change.

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INDEBTEDNESS

Overview

Our total indebtedness, including interest-bearing bank and other borrowings and lease liabilities, amounted to RMB3,599.6 million, RMB7,862.9 million, RMB11,769.5 million and RMB15,188.6 million as of December 31, 2017, 2018 and 2019 and May 31, 2020. The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2017	2018	2019	May 31,	September 30,
			(RMB'000)	2020	2020
					(Unaudited)
Non-current					
Bank loans — secured	2,639,338	3,159,842	2,608,097	6,302,116	6,216,023
Other loans — secured	269,646	1,512,787	3,209,311	3,790,043	4,707,638
Other loans — unsecured	—	—	174,612	—	—
Non-current portion of lease liabilities	7,649	5,183	9,777	7,862	7,595
Current					
Bank loans — secured	500	500	—	—	—
Bank loans — unsecured	4,900	4,900	—	—	—
Other loans — secured	88,000	507,300	1,484,800	1,446,000	146,000
Other loans — unsecured	—	400,000	—	—	600,000
Current portion of lease liabilities . .	6,021	3,921	4,512	4,526	4,668
Current portion of long term bank loans — secured	250,059	1,307,251	3,158,230	2,628,357	797,670
Current portion of long term other loans — secured	<u>333,450</u>	<u>961,248</u>	<u>1,120,129</u>	<u>1,009,744</u>	<u>1,071,154</u>
Total indebtedness	<u><u>3,599,563</u></u>	<u><u>7,862,932</u></u>	<u><u>11,769,468</u></u>	<u><u>15,188,648</u></u>	<u><u>13,550,748</u></u>

Note:

- (1) Other loans include financing arrangements with trust companies, asset management companies, other financial institutions and other third-party companies during the Track Record Period.

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As of December 31, 2017, 2018, 2019 and May 31, 2020, our borrowings were repayable as follows.

	As of December 31,			As of	As of
	2017	2018	2019	May 31,	September 30,
			(RMB'000)	2020	2020
					(unaudited)
Repayable within one year	676,909	3,181,199	5,763,159	5,084,101	2,614,824
Repayable in the second year	497,141	3,855,212	4,132,477	2,792,456	5,863,981
Repayable within two to five years	2,411,843	817,417	1,859,543	4,874,873	2,622,608
Repayable over five years	—	—	—	2,424,830	2,437,072
Subtotal	2,908,984	4,672,629	5,992,020	10,092,159	10,923,661
Total	3,585,893	7,853,828	11,755,179	15,176,260	13,538,485

We are subject to certain restrictive covenants under the terms of our borrowings, and accordingly, we are either required to inform the relevant financial institution in advance or seek its prior consent before taking certain actions. The relevant financial institution may declare the relevant borrowings immediately due and payable, forecloses on the relevant borrowings and/or demand us to pay liquidated damages, if a breach of such restrictive covenants occurs. These restrictive covenants include:

- incur additional debt, provide loans or guarantees;
- provide security and quasi-security;
- incur liens;
- dispose of material assets through sale, lease or other methods;
- pay dividends or distributions on certain of our subsidiaries’ capital stock;
- repay or transfer certain indebtedness;
- reduce registered capital;
- make investments and acquisitions;
- establish joint ventures;
- conduct mergers, consolidation and other change-of-control transactions; and
- file for bankruptcy or dissolution.

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In addition, the loan agreements we enter into may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. Similarly, the relevant financial institution may declare the relevant borrowings immediately due and payable, forecloses on the relevant borrowings and/or demand us to pay liquidated damages, if a breach of such restrictive covenants occurs. Under one outstanding loan agreement entered into in September 2017, operating cash flow for two of our subsidiaries, Chengdu Leading Fantai Real Estate Development Co., Ltd. (成都領地泛太房地產開發有限公司) and Chengdu Xinlong Real Estate Co., Ltd. (成都新隆置業有限公司), shall not be negative consecutively for three years. Based on the audited reports that we prepared and reported to the relevant financial institution as required under this loan agreement, (i) Chengdu Leading Fantai Real Estate Development Co., Ltd. recorded net cash flows generated from operating activities of RMB319.6 million and RMB168.8 million in 2017 and 2019, respectively, despite that it recorded net cash flows used in operating activities of RMB25.0 million in 2018; and (ii) Chengdu Xinlong Real Estate Co., Ltd. recorded net cash flows generated from operating activities of RMB335.3 million in 2018, despite that it recorded net cash flows used in operating activities of RMB278.9 million and RMB199.3 million in 2017 and 2019, respectively. As of May 31, 2020, we are in compliance with this covenant as these two subsidiaries did not record negative operating cash flow consecutively for three years. The other loan agreements outstanding as of May 31, 2020 did not include specific financial ratios. We did not violate any specific restrictive covenant linked to financial ratios under the terms of our borrowings outstanding as of May 31, 2020.

For further information, see the section entitled “Risk Factors—Risks Relating to Our Business—We have indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.” During the Track Record Period, we complied with all of the borrowing covenants in all material aspects, including all the restrictive covenants and key financial covenants as provided in our financing agreements with banks, trust companies, asset management companies and their financing vehicles and other financial institutions. In the same period of time, we were not involved in any disputes, proceedings or claims arising from our compliance with the borrowings covenants in these financing agreements.

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As of September 30, 2020, we had approximately RMB2,037.0 million unutilized credit facilities granted by banks and other financial institutions, all of which we may withdraw without violating the restrictive covenants or key financial covenants in relevant financing agreements. Their drawdowns are generally subject to the following covenants:

- the underlying guarantee agreement(s) and/or security agreement(s) have become effective, and the collateral has been registered pursuant to the security agreement(s);
- share capital has been injected into the relevant project company;
- the relevant project company has obtained the requisite licenses and qualifications from the competent governmental authorities for project development;
- the proposed investment in the project matches the construction progress;
- the construction cost does not overrun the budget;
- the proceeds are used for the purposes agreed in the relevant loan agreement; and
- there is no default under the relevant loan agreement.

Trust and other financing arrangements

As with many other property developers in the PRC, we also enter into financing and other arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial institutions in the ordinary course of business to finance our property development and other related operations. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. 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. See “Regulatory Overview—Real Estate Financing—Trust Financing.”

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The following table sets forth our outstanding trust and other financing arrangements with trust companies, asset management companies and their financing vehicles and other financial institutions as of the dates indicated:

No.	Financial institution ⁽¹⁾	Nominal interest rate	Effective date ⁽²⁾	Maturity date	Guarantees and Collateral	Principle balance as of	
						May 31, 2020 (in RMB)	September 30, 2020 (in RMB)
1	Financial institution A	14.0%	November 1, 2018	November 8, 2020	Mortgage on the land use rights of two parcels of land with total site area of 35,256 sq.m. owned by Xichang Lingchuang Real Estate Development Co., Ltd. (西昌領創房地產開發有限公司) (“Xichang Lingchuang”), a subsidiary of our Company; Pledge of 100.0% of share of Xichang Lingchuang; and Guaranteed by individuals including Mr. Liu Yuqi, Mr. Liu Shan and Mr. Liu Yuhui, as well as Meishan Leading Real Estate, Chengdu Lianzhong Chuangzhan Enterprise Management Consulting Co., Ltd. (成都聯眾創展企業管理諮詢有限公司), the non-controlling shareholder of Xichang Lingchuang, and Xichang Lingchuang.	302,608,223	198,211,502
2	Financial institution B	10.2%	December 26, 2018	December 26, 2021	Guaranteed by Leading Group, Rong Liang Group, Mr. Liu Shan, Mr. Liu Yuhui and Mr. Liu Yuqi.	552,060,390	569,069,639
3	Financial institution C	10.5% per annum for the first year; 12.5% per annum after the first year	September 26, 2018	December 31, 2020	Mortgage on the land use rights of a land parcel with the value of RMB730.6 million owned by Xichang Lingchuang ⁽³⁾ ; and Guaranteed by Xichang Lingchuang, individuals including Mr. Liu Yuqi and Ms. Hou Sanli, Mr. Liu Shan and Ms. Wang Tao, as well as Mr. Liu Yuhui and Ms. Long Yiqin.	361,027,207	—
4	Financial institution D	12.1%	June 21, 2019	June 21, 2021	Mortgage on the land use rights of a land parcel with total site area of 98,491 sq.m. owned by Panzhihua Lingyue Real Estate Development Co., Ltd. (攀枝花領悅房地產開發有限公司) (“Panzhihua Lingyue”); and Guaranteed by Leading Group, Mr. Liu Yuqi and Ms. Hou Sanli.	300,000,000	—
5	Financial institution D	12.3%	December 20, 2019	December 24, 2021	Mortgage on the land use rights of three parcels of land with total site area of 20,026 sq.m. and one parcel of land with site area of 28,209 sq.m. owned by Mianyang Yuhang Digital Technology Co., Ltd. (綿陽宇航數碼科技有限公司) (“Mianyang Yuhang”) and Mianyang Jintai Industrial Co., Ltd. (綿陽金泰實業有限公司) (“Mianyang Jintai”), respectively; and Guaranteed by Leading Group, and subsidiaries of our Company, namely, Mianyang Yuhang, Mianyang Jintai, Mianyang Shengxing Tailai Digital Technology Co., Ltd. (綿陽盛興泰來科技有限公司) and Mianyang Xinliangping Digital Technology Co., Ltd. (綿陽鑫亮平科技有限公司).	170,202,476	207,183,384

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No.	Financial institution ⁽¹⁾	Nominal interest rate	Effective date ⁽²⁾	Maturity date	Guarantees and Collateral	Principal balance as of	
						May 31, 2020 (in RMB)	September 30, 2020 (in RMB)
6	Financial institution E	within one year: August 7, 2019 7.91% more than one year: 9.1%	August 7, 2019	August 6, 2022	Guaranteed by Leading Group, Mr. Liu Shan and his spouse, Mr. Liu Yuhui and his spouse, and Mr. Liu Yuqi and his spouse.	198,578,318	198,873,624
7	Financial institution F	13.0%	August 12, 2019	August 11, 2020	Guaranteed by Mr. Liu Shan, Mr. Liu Yuqi and Mr. Liu Yuhui.	1,000,000,000	—
8	Financial institution G	12.5%	August 23, 2019	August 29, 2021	Mortgage on land use right of two parcels of land with total site area of 115,430 sq.m owned by Xinjiang Minbai Real Estate Development Co., Ltd. (新疆民佰房地產開發有限公司) (“ Xinjiang Minbai ”), a subsidiary of our Company; and Pledge of 100.0% of shares in Xinjiang Minbai and Urumqi Leading Kaiyue Real Estate Development Co., Ltd. (烏魯木齊領地凱悅房地產開發有限公司) (“ Urumqi Leading Kaiyue ”), respectively, each being a subsidiary of our Company; and	267,301,873	223,682,111
9	Financial institution H	12.5%	September 29, 2019	December 28, 2020	Guaranteed by Leading Group, Xinjiang Minbai and Urumqi Leading Kaiyue. Guaranteed by Leading Group; and Pledge of 100.0% shares of Shanwei Leading Property Development Co., Ltd. (汕尾市領地房地產開發有限公司), a subsidiary of our Company.	199,053,266	199,579,684
10	Financial institution A	13.0%	October 16, 2019	October 18, 2021	Pledge of 100.0% of shares of Xichang Lingyue Real Estate Development Co., Ltd. (西昌領悅房地產開發有限公司), a subsidiary of our Company; and Guaranteed by Leading Group, Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒糧房地產開發有限公司), a subsidiary of our Company Meishan Leading Real Estate and individuals including Mr. Liu Yuqi, Mr. Liushan and Mr. Liu Yuhui.	312,532,138	312,662,119

FINANCIAL INFORMATION

No.	Financial institution ⁽¹⁾	Nominal interest rate	Effective date ⁽²⁾	Maturity date	Guarantees and Collateral	Principal balance as of	
						May 31, 2020 (in RMB)	September 30, 2020 (in RMB)
11	Financial institution I	13.0%	November 15, 2019	Tranche A: April 10, 2021 Tranche B: October 24, 2021	Mortgage on (i) the land use rights of three land parcels with an aggregate value of RMB27.4 million owned by Chengde Shuanglun District Haijian Real Estate Development Co., Ltd. (承德市雙龍區海建房地產開發有限公司) (“Chengde Haijian”), and (ii) the land use rights of a parcel of land with value of approximately RMB94.4 million owned by Chengde Chuanda Real Estate Development Co., Ltd. (承德川達房地產開發有限公司) (“Chengde Chuanda”), each being a subsidiary of our Company; Pledge of 100.0% of shares of Chengde Haijian and 100.0% of shares of Chengde Chuanda; and Guaranteed by Leading Group.	197,330,989	198,813,981
12	Financial institution J	13.0%	November 12, 2019	March 5, 2021	Mortgage on the land use rights of a land parcel with site area of 73,967 sq.m., an Independent Third Party A who intends to cooperate with us to develop property projects in the future and facilitated this financing arrangement by providing collateral and guarantee; and Guaranteed by Leading Group and the Independent Third Party A.	146,000,000	146,000,000
13	Financial institution G ⁽⁵⁾	12.0%	December 2, 2019	December 11, 2021	Pledge of deposits in certain designated accounts, and 100.0% shares of Ya'an Xinlingyu Real Estate Development Co., Ltd. (雅安新領域房地產開發有限公司) (“Ya'an Xinlingyu”), a subsidiary of our Company;	46,240,442	16,352,192
14	Financial institution G ⁽⁵⁾	12.0%	December 2, 2019	December 11, 2021	Mortgage on the land use rights of commercial properties with an aggregate GFA of 15,851 sq.m. owned by Leading Group and the land use rights of one land parcel with the site area of 53,520 sq.m. owned by Ya'an Xinlingyu; and Guaranteed by an Independent Third Party B, who was the original creditor of the loan and transferred this loan to Financial Institution G with recourse and Leading Group.	25,610,077	—
15	Financial institution A	13.0%	December 6, 2019	December 11, 2021	Pledge of 100.0% of shares of Nanchong Weichuang Real Estate Development Co., Ltd. (南充唯創房地產開發有限公司) (“Nanchong Weichuang”), a subsidiary of our Company; and Guaranteed by Leading Group, Leshan Leading Real Estate, Nanchong Lingyue Real Estate Development Co., Ltd. (南充領悅房地產開發有限公司) and Nanchong Weichuang, as well as individuals including Mr. Liu Shan, Mr. Liu Yuhui, Mr. Liu Yuqi,	357,098,386	352,810,917

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No.	Financial institution ⁽¹⁾	Nominal interest rate	Effective date ⁽²⁾	Maturity date	Guarantees and Collateral	Principle balance as of	
						May 31, 2020 (in RMB)	September 30, 2020 (in RMB)
16	Financial institution A	10.3%	December 10, 2019	December 3, 2022	Mortgage on the land use rights of a land parcel with a site area of 116,755 sq.m. owned by Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (綿陽鴻遠領悅房地產開發有限公司), a subsidiary of our Company; and Guaranteed by Leading Group and Chongqing Dima Industry Holdings Co., Ltd. (重慶市迪馬實業股份有限公司), the non-controlling shareholder of Mianyang Fantaiya.	699,581,891	620,839,578
17	Financial institution K	13.0%	December 30, 2019	December 30, 2022	Mortgaged on the land use rights of ten land parcels with an aggregate area of 86,143 sq.m.; and Guaranteed by Leading Group, subsidiaries of our Company, namely, Chengdu Leading Fantai Real Estate Development Co., Ltd. (成都領地泛太房地產開發有限公司), Mianyang Jintai, Mianyang Yuhang, and individuals including Mr. Liu Yuqi, Ms. Hou Sanli, Mr. Liu Yuhui, Ms. Long Yiqin, Mr. Liu Shan and Ms. Wang Tao.	260,662,774	229,498,164
18	Financial institution A	12.0%	May 20, 2020	May 22, 2022	Pledge of 100.0% of shares of Renshou Lingyue Real Estate Development Co., Ltd. (仁壽領悅地產開發有限公司); and Guaranteed by Leading Group, Renshou Lingyue Real Estate Development Co., Ltd. (仁壽領悅地產開發有限公司), Meishan Duneng Real Estate Development Co., Ltd. (眉山都能房地產開發有限公司), Renshou Yuandi Real Estate Development Co., Ltd. (仁壽源地房地產開發有限公司), each a subsidiary of our Company, as well as individuals including Mr. Liu Shan, Mr. Liu Yuhui and Mr. Liu Yuqi.	450,000,000	449,514,176
19	Financial institution G ⁽⁶⁾	12.0%	May 20, 2020	May 26, 2022	Mortgage on the land use rights of one parcel of land with total site area of 30,712 sq.m. owned by Xichang Lingshuang; and	100,000,000	87,941,119
20	Financial institution G ⁽⁶⁾	12.0%	May 20, 2020	May 26, 2022	Pledge of deposits in a designated account; and Guaranteed by Leading Group.	299,898,961	262,133,612
21	Financial institution I	12.0%	June 15, 2020	Tranche A: June 15, 2021 Tranche B: September 15, 2021 Tranche C: December 15, 2021	Pledge of 100.0% of shares of Jingzhou Lingchuang Real Estate Development Co., Ltd. (荊州領創房地產開發有限公司) (“ Jingzhou Lingchuang ”); Mortgage on the land use rights of a land parcel with 48,399 sq.m. owned by Jingzhou Lingchuang; and Guaranteed by Leading Group.	—	357,701,364

FINANCIAL INFORMATION

No.	Financial institution ⁽¹⁾	Nominal interest rate	Effective date ⁽²⁾	Maturity date	Guarantees and Collateral	Principal balance as of	
						May 31, 2020 (in RMB)	September 30, 2020 (in RMB)
22	Financial institution D	12.0%	June 17, 2020	June 16, 2021	Mortgage on the land use rights of a land parcel with total site area of 98,491 sq.m. owned by Panzhuhua Lingyue; and Guaranteed by Leading Group.	—	246,300,947
23	Financial institution L	10.0%	August 12, 2020	September 16, 2020	Pledge of 51.0% of shares of Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發有限公司); Mortgage on the land use rights of certain properties and land parcels owned by Jilin Leading Real Estate; and Guaranteed by Leading Group.	—	716,423,499
24	Financial institution G	12.0%	August 31, 2020	August 30, 2022	Mortgage on the land use rights of four parcels of land with total site area of 124,354 sq.m. owned by Yingkai Zhongcheng Culture Investment Co., Ltd. (瀾凱翠成文化投资有限公司) (“Yingkai Zhongcheng”), a joint venture of our Company; and Pledge of 70.0% of shares of Yingkai Zhongcheng; and Guaranteed by Leading Group.	—	331,201,244

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Notes:

- (1) These financial institutions we have cooperated with are independent third parties.
- (2) The effective date refers to the date of the pertinent agreement, or the date of the first disbursement under the pertinent agreement, whichever is earlier.
- (3) This mortgage had been discharged in July 2020.
- (4) Arrangements No. 13 and 14 have the same lending financial institution and share the same set of collateral. The borrowers are our two different project companies.
- (5) Arrangements No. 19 and 20 have the same lending financial institution and share the same set of collateral. The borrowers are our two different project companies.

We had 20 trust and other financing arrangements outstanding as of May 31, 2020 with the aggregate principal balances of RMB6,245.8 million. Subsequent to May 31, 2020 and as of September 30, 2020, we repaid four trust financing arrangements and entered into four new trust financing arrangements. As of September 30, 2020, we had 20 trust and other financing arrangements outstanding with the aggregated principal balance of RMB5,924.8 million. Under our trust and other financing arrangements, the lenders may have security interest in the form of mortgage of land use rights of land parcels or properties or pledge of shares in project companies, or guarantees provided by us or our Controlling Shareholders or their associates. However, the equity interests in the relevant project company are not transferred to the lender. 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 be fully released immediately before the [REDACTED]. See “Relationship with Controlling Shareholders—Independence From Our Controlling Shareholders—Financial Independence.”

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A lender typically does not have the right to participate in the project company’s shareholders’ meetings or board meetings, nor does it have any veto right in any form. Neither are we typically required to obtain the prior consent from the lender in respect of operational activities in our ordinary course of business. As our trust and other financing arrangements are similar to bank loans, the lender can only exercise creditor’s rights and has minimum, if any, control over the project company’s business operations. The security interests created under our trust and other financing arrangements will be released upon repayment of the principal of, and any other amount due under, such financings. We believe our trust and other financing arrangements will not affect our control over the project companies.

Our loan agreements with trust companies, asset management companies and their financing vehicles contain a number of customary affirmative and/or negative covenants. To ensure the loan proceeds are used properly for the agreed purposes, 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 loan 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. Therefore, in order to improve our financing structure and lower our financing costs, occasionally we repaid the balance of certain loans with trust companies, asset management companies and their financing vehicles prior to their maturity dates during the Track Record Period, if we had obtained new loans with better terms and thus no longer needed such loans. During the Track Record Period and up to the Latest Practicable Date, we did not use pre-sale proceeds to repay such loans. The early repayments of such loans generally were made within the allowed repayment period and did not result in any additional interest or penalty under their respective financing agreements. We will continue to make such early repayments if it is beneficial to our financing structure and will not adversely affect our normal business operation.

Borrowings from Third-Party Companies

Subsequent to May 31, 2020 and up to September 30, 2020, we entered into two loan agreements with two third-party companies. Both of the loan agreements were unsecured and unguaranteed. We entered into the loan agreement with one independent third-party company at an interest rate of 8.0%. As of September 30, 2020 and the Latest Practicable Date, there was no outstanding balance under this agreement. We entered into the loan agreement with the other third-party company, a non-controlling shareholder of Mianyang Jiaruicheng Real Estate Development Co., Ltd., our subsidiary, under which we are entitled to draw RMB1,000.0 million at maximum. As of September 30, 2020, we had drawn down RMB600.0 million at an interest rate of 13.0%. As of the Latest Practicable date, the outstanding balance under this agreement was RMB600.0 million, and we plan to repay the borrowing before August 30, 2021 according to the terms stipulated in the loan agreement.

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Under the General Lending Provisions (《貸款通則》), only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, pursuant to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the “Provisions”) promulgated on June 23, 2015, effective on September 1, 2015 and amended on August 20, 2020, loans among companies are valid if extended for purposes of financing production or business operations, except for circumstances resulting in a void contract stipulated in the Contract Law of the PRC and the Provisions. The PRC courts will also support a company’s claim for interest in respect of such a loan as long as the annual interest rate does not exceed four times the one-year loan prime rate, at the time when the contract is entered into, published on the 20th of every month by National Interbank Funding Center (全國銀行間同業拆借中心) with the authorization from PBOC.

As confirmed by the Directors, all the borrowings that we borrowed under the agreements were for the purposes of business operations. Our PRC Legal Advisors are of the view that, given that our above-mentioned financing arrangements with the two third-party companies do not violate the applicable provisions of the Contract Law of the PRC (《中華人民共和國合同法》) or the Provisions, the risk of the PBOC imposing any penalty on us is low.

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Capital commitments

During the Track Record Period, our capital commitments mainly related to investment properties and acquisition of properties. The table below sets forth our capital commitments as of the dates indicated.

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Contracted, but not provided for:				
Property development activities .	2,129,378	12,088,299	12,227,258	12,871,148
Acquisition of land use rights . .	1,682,660	192,600	77,947	2,180,896
Property, plant and equipment . .	48,198	59,991	—	—
Investment properties	597,292	—	—	—
Capital contributions for the acquisition of subsidiaries	678,000	678,800	1,016,570	764,623
Capital contributions to subsidiaries	240,550	910,750	927,750	1,233,250
Capital contributions to associates	40,860	64,360	44,600	35,000
Total	5,416,938	13,994,800	14,294,125	17,084,917

The table below sets forth a break down of our capital commitments as of May 31, 2020 into the amounts expected to be paid in 2020, 2021 and 2022, respectively.

	For the year ending December 31,			
	2020	2021	2022 and thereafter	Total
	(RMB'000)			
Contracted, but not provided for:				
Property development activities .	4,455,978	4,962,035	3,453,135	12,871,148
Acquisition of land use rights . .	2,180,896	—	—	2,180,896
Capital contributions for the acquisition of subsidiaries	764,623	—	—	764,623
Capital contributions to subsidiaries	—	—	1,233,250	1,233,250
Capital contributions to joint venture and associates	—	—	35,000	35,000
Total	7,401,497	4,962,035	4,721,385	17,084,917

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Contingent liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks.

The following table set forth our total guarantees as of the dates indicated:

	As of December 31,			As of May 31,
	2017	2018	2019	2020
	(RMB'000)			
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	2,992,713	5,443,194	8,882,032	10,459,321
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties ⁽¹⁾	<u>330,000</u>	<u>809,000</u>	<u>1,765,900</u>	<u>1,662,800</u>
Total	<u>3,322,713</u>	<u>6,252,194</u>	<u>10,647,932</u>	<u>12,122,121</u>

Note:

- (1) All 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 be fully released immediately before the [REDACTED]. See “Relationship with Controlling Shareholders—Independence From Our Controlling Shareholders—Financial Independence.”

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 latest date for liquidity disclosure, 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 since latest date for liquidity disclosure and up to the Latest Practicable Date.

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Lease liabilities

Our lease liabilities represent our obligation to make lease payments for our certain office buildings. Terms of the leases range from one to five years. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, we use incremental borrowing rate as the discount rate. Our lease liabilities was RMB13.7 million, RMB9.1 million, RMB14.3 million and RMB12.4 million as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. Fluctuation of our lease liabilities during the Track Record Period was generally in line with the number of properties we rented, as well as the variances in our payment schedules for each leased property during the Track Record Period.

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 or engage in leasing or hedging or research and development services with us.

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 or for the year ended December 31,			As of or for the five months ended May 31,
	2017	2018	2019	2020
Current ratio (times) ⁽¹⁾	1.3	1.3	1.2	1.3
Net profit margin ⁽²⁾	12.2%	11.5%	8.9%	5.5%
Return on total assets ⁽³⁾	4.0%	1.8%	1.6%	0.8%
Return on equity ⁽⁴⁾	16.3%	8.0%	10.4%	8.2%
Net gearing ratio (times) ⁽⁵⁾	0.6	1.1	1.4	1.5
Interest coverage ratio (times) ⁽⁶⁾	2.7	1.5	0.9	0.7

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Notes:

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.
- (2) Net profit margin is calculated based on our net profit for the year/period divided by our revenue for the year/period and multiplied by 100%.
- (3) Return on total assets ratio for the Track Record Period is calculated based on our net profit for the respective period (annualized) divided by the balance of our total assets as of the end of the respective period and multiplied by 100%.
- (4) Return on equity ratio for the Track Record Period is calculated based on our net profit attributable to the owners of the Company for the respective period (annualized) divided by the balance of equity attributable to owners of the parent as of the end of the respective period and multiplied by 100%.
- (5) Net gearing ratio equal to total borrowings (including interest-bearing bank and other borrowings) less cash and bank balances divided by total equity as of the end of the respective year or period.
- (6) Interest coverage ratio is calculated based on profit for the year or period before income tax expenses, adding finance costs, divided by interest on interest-bearing bank and other borrowings and lease liabilities and interest expense arising from revenue contracts which include capitalized interest for the respective year or period.

Current ratio

Our current ratio remained relatively stable at 1.3, 1.3, 1.2 and 1.3 times as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively.

Net Profit Margin

Our net profit margin was 12.2%, 11.5%, 8.9% and 5.5% for the years ended December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. During the Track Record Period, as a result of our construction and delivery schedules, although our properties under development increased significantly, a majority of such properties were not yet completed for deliveries to our customers. As a result, given that most of our revenue from sale of properties was recognized upon delivery of the relevant property, our revenue fluctuated during the Track Record Period, albeit the increase in our total assets. Along with the continuous increase in our properties under development, we also experienced a general increase in our various expenses, including selling and marketing expenses arising from the pre-sale activities with respect to the projects being developed, as well as administrative expenses arising from the increased number of project companies. As a result, our net profit fluctuated and our net profit margin decreased during the Track Record Period.

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Return on total assets

Our return on total assets was 4.0%, 1.8%, 1.6% and 0.8% as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. During the Track Record Period, our properties under development increased significantly. However, a majority of such properties were not completed for deliveries to our customers, and our net profit decreased in general during the Track Record Period. See “—Net Profit Margin.” As a result, our total assets continued to increase, while our net profits did not increase correspondingly. As a result, our return on total assets continued to decrease over the Track Record Period.

Return on equity

Our return on equity was 16.3%, 8.0%, 10.4% and 8.2% as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. During the Track Record Period, our equity attributable to owners increased in general, except for the slight decrease as of December 31, 2019 as a result of our dividend distributions during that period. Meanwhile, our net profit fluctuated during the Track Record Period. See “—Net Profit Margin.” Due to the compound effects of the foregoing, our return on equity fluctuated during the Track Record Period.

Net gearing ratio

Our net gearing ratio was 0.6, 1.1, 1.4 and 1.5 times as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. Our increase in net gearing ratio generally corresponds to the increase in our bank and other borrowings, primarily in response to the financing demands arising from our business expansion.

Interest coverage ratio

Our interest coverage ratio was 2.7, 1.5, 0.9 and 0.7 times as of December 31, 2017, 2018 and 2019 and May 31, 2020, respectively. Our decrease in interest coverage ratio generally corresponds to the increase in our bank and other borrowings, primarily in response to the financing demands arising from our business expansion.

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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 for the purpose of assessment of debt burden of property developers began to emerge. The proposed standard consists of caps on three ratios, namely (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%, (iii) the cash to short-term borrowing ratio (calculated as the cash and bank balances divided by the current portion of interest-bearing bank and other borrowings) shall not be lower than 1.0. The proposed standard stipulates that (i) for property developers which crossed none of the three limits, their size of interest-bearing liabilities shall not increase by more than 15.0% annually, (ii) for property developers which crossed only one of the three limits, their size of interest-bearing liabilities shall not increase by more than 10.0% annually, (iii) for property developers which crossed two of the three limits, their size of interest-bearing liabilities shall not increase by more than 5.0% annually, and (iv) for those property developers which crossed all of the 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 December 31, 2017, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 64.0%, 59.4%, and 1.5 times, respectively. As of December 31, 2018, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 68.9%, 108.5%, and 0.5 times, respectively. As of December 31, 2019, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 77.3%, 141.6%, and 0.6 times, respectively. As of May 31, 2020, using the above-mentioned calculation methods, our pro forma liability asset ratio, net gearing ratio and cash to short-term borrowing ratio were 80.2%, 153.1%, and 1.1 times, respectively.

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As such, in the event that this proposed standard is implemented by the PBOC in the exact manner as reported in the news articles and there is no material change to our performance on the three ratio at the time of the proposed standard’s implementation as it was on December 31, 2017 and 2018 and May 31, 2020, we would cross none, two and two of the three limits, respectively, and would be permitted to increase our interest-bearing liabilities by no more than 15.0%, 5.0% and 5.0% annually, respectively, or as it was on December 31, 2019, we would cross all of the three limits and would not be permitted to increase our interest-bearing liabilities at all. See “Risk Factors-Risk Relating to Our Business-Our ability to obtain additional financing may be subject to limitations.”

Under the assumption that this proposed standard is implemented by the PBOC in the exact manner as reported in such news articles and there is no material change to our performance on the three ratios at the time of the proposed standard’s implementation as it was on December 31, 2019, being the worst case scenario during the Track Record Period, although we (i) may not increase the size of our interest-bearing liabilities at all, (ii) may not be able to draw down on credit facilities before repaying a portion of our existing debts, and (iii) may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects, the Directors are of the view that our business operation and financial position would not be materially affected due to the following: (a) this proposed standard would not affect the use of [REDACTED] from the [REDACTED] based on the available information contained in such news articles; (b) we can maintain the then-existing size of our total interest-bearing liabilities as of the time when the PBOC would implement the proposed standard; (c) we may further incur additional interest-bearing borrowings upon repayment of outstanding interest-bearing borrowings without significantly increasing the size of the total interest-bearing liabilities, as this proposed standard does not prohibit property developers from incurring indebtedness and it is designated only to restrict the increase of total debt level; (d) we may continue to cooperate with our business partners to jointly develop property projects and the relevant project companies may continue to receive financial support from us and our business partners; (e) this proposed standard also would not affect our capability of carrying out the development of our existing property projects and generating cash from sale of properties, after considering the financial resources currently available to us, the working capital requirement with reference to the development status and progress of property projects, the expected contracted sales proceeds under our sales contracts and the estimated net loan repayment position for each of our existing property projects which indicates the estimation that the borrowings we repay within the 12 months after the [REDACTED] would exceed the additional borrowings we incur in order to finance the development of such property projects; and (f) our performance on the three ratios had improved since December 31, 2019 and it would only cross two of the three ratios as of May 31, 2020.

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QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The main risks arising from our financial instruments are 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 interest rate risk arises from interest-bearing bank deposits, bank and other borrowings. Bank deposits, bank and other borrowings issued at variable rates expose us to cash flow interest-rate risk. Bank and other borrowing issued at fixed rates expose us to fair value interest rate risk. For borrowings obtained at variable rates, we are exposed to cash flow interest rate risk which is partially offset by cash held at variable rates. We closely monitor trend of interest rate and its impact on our interest rate risk exposure. We currently have not used any interest rate swap arrangements.

As of December 31, 2017, 2018 and 2019 and May 31, 2020, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant and without taking into account interest capitalization, interest charges for 2017, 2018 and 2019 and May 31, 2020 would increase/decrease by approximately RMB7.1 million, RMB28.7 million, RMB24.9 million and RMB57.2 million, respectively.

Our Directors do not anticipate significant impacts to interest-bearing assets resulting from the changes interest rates, because the interest rates of bank balances are not expected to change significantly.

The sensitivity analysis above assumes that the changes in interest rates would have occurred as of the dates indicated and had been applied to all of our floating rate loans and borrowings from financial institutions, without taking into account the impact of interest capitalization.

Credit risk

We are exposed to credit risk in relation to our trade and other receivables and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent our maximum exposure to credit risk in relation to financial assets. To manage this risk, deposits are mainly placed with licensed banks which are all high-credit-quality financial institutions.

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We have no significant concentrations of credit risk in view of our large number of customers. We did not record any significant bad debts losses during the Track Record Period. The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Directors do not expect any significant losses from non-performance of these counterparties.

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 planned property development projects in order to monitor our liquidity requirements in the short and long terms. We have established a set of liquidity risk management measures, including:

- *budgeting.* Our Board and management at the Group level is responsible for determining our overall business and investment plans, preparing our annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of our Group.
- *prudent land acquisition decisions.* We make our land acquisition decisions prudently, taking into account our liquidity position. Land acquisition plans are submitted to our investment committee for approval. Our internal policies require us to avoid aggressive land acquisitions to maintain a sustainable liquidity level.
- *stringent cost control.* We exercise stringent cost control to maintain the liquidity level. Our finance department is primarily responsible for the management of our liquidity risk. The following measures to manage the relevant risks: (i) maintaining systematic records of cash inflows and outflows at the Group level; (ii) preparing reports on a weekly or a monthly basis which identifies and addresses the potential issues and potential solutions in short-term cash flow, which are reviewed by the chief officers to take to address the 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 and report to the responsible persons at the Group level if there are any significant change in our borrowing and investment activities. Our senior management team at our city companies is in charge of the daily business operations and risk monitoring of local projects, and 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

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business decisions of respective project companies. We have formulated clear reporting lines between the management at our city company level and our group level. See “Business—Procurement.”

- *alternative financing channels.* We actively seek to finance our operations with diversified financing channels. For example, we intend to finance our operations through issuance of corporate bonds and asset-backed securities programs.

Through these liquidity risk management measures, we aim to maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

DIVIDEND AND DISTRIBUTABLE RESERVES

We did not declare any dividends to our shareholders during the Track Record Period.

We have neither fixed policy nor pre-determined rate and, subject to compliance with the relevant laws of the Cayman Islands and the Articles, the Company has the right to declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profit which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law and our Articles of Association.

The Company will declare dividends, if any, in Hong Kong dollars with respect to our Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders save that interim dividend may be paid by our Board if the Board is satisfied that such payment is justified by our profits.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. MOF issued certain new accounting standards of China Accounting Standards for Business Enterprises (the “CASBE”) during the year of 2017, including the new accounting

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standards on financial instruments and revenue. These new accounting standards together with the other prevailing accounting standards constitute the generally accepted accounting principles in the PRC (“PRC GAAP”), which are in all material aspects identical with IFRS. As required by MOF, such new accounting standards are applicable for different entities with different timetables. Specifically, for the new revenue accounting standard that may have significant impacts over the performance of our Group, it will be adopted during the periods beginning (i) on or after January 1, 2018, for entities that are dually listed in mainland China and overseas and entities listed overseas that prepare financial statements under IFRS or CASBE, (ii) on or after January 1, 2020 for all entities listed in mainland China, and (ii) on or after January 1, 2021 for all other entities. Early adoption is permitted. As such, our subsidiaries that are established in mainland China and are preparing their statutory financial statements under CASBE might have a timing difference in reporting earnings under CASBE and IFRS no later than January 1, 2021, which would not have a negative impacts over the retained earnings of our subsidiaries which could be used for dividend distribution. Our Directors are of the view that there will be no significant negative impact arising from the differences between IFRS and PRC GAAP on our ability to distribute dividends in the future.

PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in our bank credit facilities, or other agreements that we or our subsidiaries may enter into in the future.

Under PRC laws, distributable reserves consist of net profit calculated according to the PRC accounting principles, which, in many aspects, differ from the generally accepted accounting principles in other jurisdictions, including IFRS. In addition, PRC laws and regulations also require a PRC incorporated enterprise to set aside at least 10% of its after-tax profits calculated based on PRC accounting standards each year, if any, to fund certain statutory reserves, which may not be distributed as cash dividends (when the statutory reserve reaches and is maintained at or above 50% of their registered capital, no further allocations to this statutory reserve will be required). These statutory reserves are not available for distribution as cash dividends.

Our Company declared and made distributions to our non-controlling Shareholders in the amount of RMB16.2 million, RMB61.8 million, nil and nil for 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively.

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[REDACTED] EXPENSES

The [REDACTED] expenses in connection with the [REDACTED], consisting primarily of [REDACTED] and professional fees, are estimated to be approximately RMB[REDACTED], or [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] and the [REDACTED] is not exercised). During the Track Record Period, we incurred [REDACTED] of approximately RMB[REDACTED], of which approximately [REDACTED], [REDACTED], [REDACTED] and [REDACTED] was charged to our administrative expenses for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020, respectively. We currently expect to incur further expenses amount to RMB[REDACTED] subsequent to the end of the Track Record Period, of which approximately RMB[REDACTED] will be charged to administrative expenses. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2020.

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer, has valued our property interests as of September 30, 2020 and is of the opinion that the total market value of the property in which we had an interest as of such date was RMB47,053.6 million, and the value attributable to our Group was RMB40,004.5 million. The full text of the letter, summary of valuation and valuation certificates with regard to our property interests are set out in “Appendix III—Property Valuation Report.”

The statement below shows the reconciliation of aggregate amounts of certain properties reflected in the audited consolidated financial information as of May 31, 2020 as set out in “Appendix I—Accountants’ Report” with the valuation of these properties as of September 30, 2020 as set out in “Appendix III—Property Valuation Report.”

(RMB in thousands)

Net book value of the following properties as of May 31, 2020	
— Properties under development	30,847,738
— Completed properties held for sale	1,215,995
— Investment property	4,574,000
Addition.	7,262,563
Less: sale of completed properties held for sale	(2,365,614)
Net book value of the properties as of September 30, 2020	41,534,682
Net valuation surplus	5,518,918
Market value⁽¹⁾ of properties as of September 30, 2020 as set out in the Property Valuation Report in Appendix III to this document. . . .	47,053,600

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Note:

- (1) Market value did not include reference values provided for (portions of) properties No. 1, 24, 28, 54, 61, 77, 78, 80 to 82, 84 and 87 to 89 as set out in the Property Valuation Report in Appendix III of this document. Market value of these properties were not reflected in the Property Valuation Report because our Group had not obtained certain certificates for these properties as of the valuation date, namely, September 30, 2020. See “Appendix III—Property Valuation Report.”

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 May 31, 2020 as if the [REDACTED] had occurred on May 31, 2020 and is based on the consolidated net assets derived from the audited financial information of our Group as of May 31, 2020, as set out in the Accountants’ Report in Appendix I to this document and adjusted as follows:

	Audited Consolidated Net Tangible Assets of our Group as of May 31, 2020	Estimated [REDACTED] from the [REDACTED]	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share	
	RMB’000 (Note 1)	RMB’000 (Note 2)	RMB’000	RMB (Note 3)	HK\$ (Note 4)
Based on an [REDACTED] of					
HK\$[REDACTED] per Share . .	5,395,458	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of					
HK\$[REDACTED] per Share . .	5,395,458	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The unaudited consolidated net tangible assets attributable to owners of the Company as of May 31, 2020 is extracted from the Accountants’ Report, which is based on the audited consolidated equity attributable to owners of the Company as of May 31, 2020 of approximately RMB5,441.8 million less intangible assets of approximately RMB16.3 million.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK\$[REDACTED] per Share or HK\$[REDACTED] per Share, after deduction of the [REDACTED] fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED]. The estimated [REDACTED] from the [REDACTED] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8482.

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- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED].
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8482.
- (5) No adjustment has been made to reflect any trading result or other transactions of Group entered into subsequent to May 31, 2020.

RELATED PARTY TRANSACTIONS

The related party transaction during the Track Record Period are as set forth in Note 41 to the Accountants’ Report in Appendix I.

Most of our related party transactions during the Track Record Period were non-trade in nature, mainly represented advances to/(from) related parties, payments made by us on behalf of related parties or vice versa for convenience. During the Track Record Period, our advances to/(from) related parties increased primarily attributable to (i) the increase in advances to/(from) joint ventures resulting from the increase in the number of our joint ventures, and (ii) increase in advances to/(from) Rong Liang Group, or companies controlled by Rong Liang Group, which will be settled before [REDACTED].

As of September 30, 2020, approximately RMB770.8 million, representing approximately 42.5% of our amount due from related parties of non-trade nature as of May 31, 2020, had been settled.

We also had certain related party transactions which were trade in nature, including:

Properties Leased to Related Parties

We leased several properties to the subsidiaries of Rong Liang Group for commercial use with a total GFA of approximately 3,900 sq.m. as of the Latest Practicable Date. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, the total amount of rental paid by Rong Liang Group to us for leased properties amounted to nil, approximately RMB0.4 million, RMB2.9 million, RMB1.2 million and RMB1.3 million, respectively. The significant increase in the rental paid for the year ended December 31, 2019 as compared to the previous year was mainly attributable to the end of rent-free period offered to a subsidiary of Rong Liang Group between October 2018 and May 2019 for the lease of certain units of Chengdu Leading Center (成都領地中心). We did not lease properties to related parties for the year ended December 31, 2017.

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Management Consulting Services Provided to Joint Ventures and Associates

We provided management consulting services to Chengdu Jinkaishengrui Real Estate Development Co., Ltd. and Leshan Chuanda Real Estate Development Co., Ltd. and recorded management consulting service income from them in the amount of RMB9.3 million for the year ended December 31, 2019, RMB3.3 million for the five months ended May 31, 2020. We did not provide management consulting services to joint ventures and associates in 2017 and 2018 and the five months ended May 31, 2019.

Property Management Services Provided to Us by Our Related Parties

During the Track Record Period, Lingyue Property Services Group Co., Ltd. (領悅物業服務集團有限公司) (formerly known as Sichuan Huifeng Property Service Co., Ltd (四川滙豐物業服務有限公司)) and its certain subsidiaries, provided property management services to us. We incurred property management fees in the amount of RMB34.8 million, RMB54.7 million, RMB70.1 million, RMB17.6 million and RMB36.9 million for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, respectively. See “Connected Transactions—(B) Continuing Connected Transactions Which Are Subject to the Reporting, Annual Review and Announcement Requirements But Exempted From the Independent Shareholders’ Approval Requirement—3. Property Management Services.”

Commercial Management Services Provided to Us by Our Related Parties

During the Track Record Period, Chengdu Baorui Business Management Co., Ltd. and its certain subsidiaries, provided commercial management services for our commercial properties in various property projects, such as Chengdu International Finance Center (成都環球金融中心). We incurred project management fees to them in the amount of RMB6.9 million, RMB24.2 million, RMB34.0 million, RMB15.1 million and RMB13.4 million for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, respectively. See “Connected Transactions—(B) Continuing Connected Transactions Which Are Subject to the Reporting, Annual Review and Announcement Requirements But Exempted From the Independent Shareholders’ Approval Requirement—2. Commercial Management Services.”

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Materials and Installation Services Procured from Related Parties

During the Track Record Period, we engaged Meishan Mingdian Doors and Windows Co., Ltd. (眉山市明典門窗有限公司), Meishan Mingdian Doors and Windows Co., Ltd. (眉山市明典門窗有限公司), Bazhou Hongdian Architectural Decoration Engineering Co., Ltd. (巴州巨集典建築裝飾工程有限公司), and Meishan Huadian Architectural Decoration Engineering Co., Ltd. (眉山市華典建築裝飾工程有限公司), for provision of procurement of materials and installation of the window products for certain of our property projects. We paid RMB4.0 million, RMB3.1 million, RMB42.0 million, RMB4.5 million and RMB23.2 million for the years ended December 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020 to such related parties, respectively. See “Connected Transactions—(B) Continuing Connected Transactions Which Are Subject to the Reporting, Annual Review and Announcement Requirements But Exempted From the Independent Shareholders’ Approval Requirement—Procurement and Installation Services.”

Guarantees Provided for Related Parties

During the Track Record Period, we guaranteed certain bank and other borrowings of our related parties. As of December 31, 2017, 2018 and 2019 and May 31, 2020, the balance of such guarantees amounted to RMB130.0 million, RMB35.0 million, RMB1,325.4 million and RMB1,548.8 million, respectively. All guarantees provided to related parties by us, except for those provided to our joint ventures or associates, will be fully released immediately before the [REDACTED]. Particularly, all 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 be fully released immediately before the [REDACTED]. See “Relationship with Controlling Shareholders—Independence From Our Controlling Shareholders—Financial Independence.”

Guarantees Provided to Us

During the Track Record Period, certain of our bank and other borrowings were guaranteed by Rong Liang Group. As of December 31, 2018 and 2019 and May 31, 2020, the balance of our bank and other borrowings guaranteed by Rong Liang Group amounted to RMB570.0 million, RMB570.0 million and RMB1,020.0 million, respectively. All guarantees provided to us by related parties will be fully released immediately before the [REDACTED]. Particularly, all 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 be fully released immediately before the [REDACTED]. See “Relationship with Controlling Shareholders—Independence From Our Controlling Shareholders—Financial Independence.”

All guarantees provided to us by related parties will be fully released immediately before the [REDACTED].

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Borrowings to Joint Ventures and Associates

During the Track Record Period, we extended lendings to two of our joint ventures, Xuzhou Huichuang Real Estate Development Co., Ltd. (“**Xuzhou Huichuang**”) and Xuzhou Weichuang Real Estate Development Co., Ltd. (“**Xuzhou Weichuang**”), each at an interest rate of 8.0% per annum. We also made advances on behalf of Xuzhou Huichuang and Xuzhou Weichuang during the Track Record Period. As of December 31, 2017, 2018 and 2019 and May 31, 2020, the aggregate amount due from Xuzhou Huichuang and Xuzhou Weichuang was nil, RMB110.4 million, RMB32.3 million and RMB75.6 million, respectively. For the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2019 and 2020, we received interest income from Xuzhou Huichuang and Xuzhou Weichuang in the amount of nil, RMB9.2 million, RMB3.9 million, RMB2.3 million and RMB1.1 million, respectively. As of the Latest Practicable Date, the outstanding balances due from Xuzhou Huichuang and Xuzhou Weichuang were RMB41.0 million and RMB47.1 million, respectively.

Compliance with the PRC Laws

Under the General Lending Provisions (《貸款通則》), only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, pursuant to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the “Provisions”) promulgated on June 23, 2015, effective on September 1, 2015 and amended on August 20, 2020, loans among companies are valid if extended for purposes of financing production or business operations, except for circumstances resulting in a void contract stipulated in the Contract Law of the PRC and the Provisions. The PRC courts will also support a company’s claim for interest in respect of such a loan as long as the annual interest rate does not exceed four times the one-year loan prime rate, at the time when the contract is entered into, published on the 20th of every month by National Interbank Funding Center (全國銀行間同業拆借中心) with the authorization from PBOC.

As confirmed by the Directors, all the lendings that we extended to joint ventures and an associate were for the purposes of business operations. Our PRC Legal Advisors are of the view that, given that our above-mentioned financing arrangements with Xuzhou Huichuang and Xuzhou Weichuang do not violate the applicable provisions of the Contract Law of the PRC (《中華人民共和國合同法》) or the Provisions, the risk of the PBOC imposing any penalty on us is low.

Our Directors confirmed that all such related party transactions were conducted on an arm’s length basis and on fair and reasonable terms.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since May 31, 2020, being the date on which our latest consolidated financial statements were prepared.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business—Our Strategies” for a detailed description of our future plans.

We are seeking the [REDACTED] because we believe that it will bring the following benefits to us and our shareholders:

- *Access to the capital markets.* We will be able to gain access to the capital markets as a publicly traded company upon [REDACTED];
- *Liquidity for our stakeholders.* As the [REDACTED] of our Shares can create a liquid trading market for them, we believe that the [REDACTED] will help further incentivize our talented senior management and employees, some of which are stakeholders of our Company, and will, in turn, help us to achieve long-term success of the Group; and
- *Enhancement of our brand image.* We believe the [REDACTED] will further enhance our brand image and encourage market acceptance of our products and services.

[REDACTED]

We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] 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 [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] set forth on the cover page of this document). We intend to use such [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for financing our existing projects, including construction costs of property development projects, including: (i) Panzhihua Leading Yangguang Huacheng (攀枝花領地陽光花城)⁽¹⁾, (ii) Urumqi Leading Tianyu (烏魯木齊領地 • 天禦)⁽²⁾, (iii) Ya'an Lantai House Phase III (雅安蘭台府3期)⁽³⁾, (iv) Chengdu Tianfu Lantai (Jingyang) (成都天府蘭台 • 菁陽)⁽⁴⁾, (v) Mianyang Guanjiang House (綿陽觀江府)⁽⁵⁾, and (vi) Chengdu Leading Tianyu (成都領地天禦)⁽⁶⁾, see “Business—Our Business—Our Property Projects;”

FUTURE PLANS AND [REDACTED]

Notes:

- (1) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
 - (2) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
 - (3) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
 - (4) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2021. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
 - (5) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2023. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
 - (6) As of the Latest Practicable Date, this project is under development and we expect to complete this project in 2022. We have not encountered material business disruption or construction delay and we do not expect delivery delay for this project.
- approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for financing our future projects, including land acquisition costs;
 - approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for repayment of our existing interest-bearing borrowings for our project development, which are (i) the trust financing arrangement between a trust financing company and our subsidiary Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (綿陽鴻遠領悅房地產開發有限公司) in the amount of RMB[REDACTED] at an interest rate of 10.3% per annum, with a term of approximately three years commencing from December 10, 2019, see “Financial Information—Indebtedness—Trust and other financing arrangements” and (ii) the bank loan extended by a commercial bank in China to our subsidiary, Xinjin Jingyang Investment Co., Ltd. (新津菁陽投資有限公司), in the amount of RMB[REDACTED] at an interest rate of 9.0% per annum, with a term of three years commencing from October 12, 2019; and
 - approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for general business operations and working capital.

FUTURE PLANS AND [REDACTED]

If the [REDACTED] is exercised in full, we estimate that the additional [REDACTED] from the [REDACTED] of these additional Shares will be approximately HK\$[REDACTED], after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED].

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED] stated in this document, and assuming that the [REDACTED] is not exercised, we will receive [REDACTED] of approximately HK\$[REDACTED]. If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] stated in this document, and assuming that the [REDACTED] is not exercised, the [REDACTED] we receive will be approximately HK\$[REDACTED].

To the extent our [REDACTED] are further reduced, we will decrease the intended use of our [REDACTED] for the above purpose on a pro rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to deposit the [REDACTED] into accounts with licensed financial institutions. We will make a formal announcement in the event that there is any change in our use of [REDACTED] from the purposes stated above or in our allocation of the [REDACTED] in the proportions stated above.

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[REDACTED]

[REDACTED]

[REDACTED] ARRANGEMENTS AND EXPENSES

[REDACTED]

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[REDACTED]

Grounds for Termination

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Undertakings to the Stock Exchange Pursuant to the Listing Rules

A. Undertakings by our Company

[REDACTED]

B. Undertakings by our Controlling Shareholders

[REDACTED]

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[REDACTED]

[REDACTED]

Undertakings Pursuant to [REDACTED]

(A) Undertakings by our Company

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

(B) Undertakings by our Controlling Shareholders

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Indemnity

[REDACTED]

[REDACTED] Interests in our Company

[REDACTED]

[REDACTED]

[REDACTED]

Commissions and Expenses

The [REDACTED] (on behalf of the [REDACTED]) will receive a gross [REDACTED] commission equal to [REDACTED]% of the aggregate [REDACTED] in respect of all the [REDACTED]. Our Company may also in our sole discretion pay an aggregate discretionary incentive fee of up to [REDACTED]% of the [REDACTED] for each [REDACTED] to one or more of the [REDACTED].

[REDACTED]

Assuming the [REDACTED] is not exercised, the aggregate commissions and fees (including [REDACTED] commissions), together with [REDACTED], legal and other professional fees and printing and other expenses relating to the [REDACTED], which are currently estimated to amount in aggregate to approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range stated in this document), are payable and borne by our Company.

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The Directors
Leading Holdings Group Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of Leading Holdings Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-129, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 31 May 2020 and the statements of financial position of the Company as at 31 December 2019 and 31 May 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-129 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] November 2020 (the “Document”) in connection with the initial [REDACTED] 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

APPENDIX I

ACCOUNTANTS’ REPORT

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 31 May 2020 and of the Company as at 31 December 2019 and 31 May 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 consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 12 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,
Certified Public Accountants
Hong Kong

[date]

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APPENDIX I**ACCOUNTANTS’ REPORT**

I 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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
	Notes	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CONTINUING OPERATIONS						
REVENUE	5	5,338,629	4,513,903	7,568,164	1,077,456	3,027,834
Cost of sales	6	(4,266,146)	(2,903,916)	(5,465,778)	(741,459)	(2,052,713)
GROSS PROFIT		1,072,483	1,609,987	2,102,386	335,997	975,121
Other income and gains	5	11,397	59,693	44,826	7,255	17,737
Selling and marketing expenses		(224,001)	(409,132)	(400,004)	(107,432)	(148,328)
Administrative expenses		(158,894)	(349,598)	(532,747)	(152,702)	(213,542)
Other expenses		(24,980)	(68,322)	(13,667)	(14,354)	(13,192)
Fair value gains/(loss) on investment properties	17	490,798	295,121	160,840	91,100	(38,138)
Finance costs	7	(83,831)	(127,269)	(230,381)	(62,656)	(115,148)
Share of profits and losses of:						
Joint ventures		(5,185)	(32,696)	3,758	(34,948)	(39,411)
Associates		(5,000)	(12,549)	(7,046)	(10,596)	(8,190)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS . .	6	1,072,787	965,235	1,127,965	51,664	416,909
Income tax expense	10	(399,898)	(464,277)	(469,688)	(55,330)	(250,782)
PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS . .		672,889	500,958	658,277	(3,666)	166,127
Profit/(loss) for the year/period from discontinued operations		(23,936)	16,733	14,036	(5,585)	—
PROFIT/(LOSS) FOR THE YEAR/PERIOD		648,953	517,691	672,313	(9,251)	166,127
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		—	—	—	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		648,953	517,691	672,313	(9,251)	166,127
Attributable to:						
Owners of the parent		613,860	420,886	544,825	(51,772)	184,582
Non-controlling interests	45	35,093	96,805	127,488	42,521	(18,455)
		648,953	517,691	672,313	(9,251)	166,127
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	13	N/A	N/A	N/A	N/A	N/A

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Year ended 31 December			31 May
		2017	2018	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS					
Property, plant and equipment	14	175,737	254,588	236,063	230,552
Investment properties	17	4,072,100	4,463,800	4,580,800	4,574,000
Intangible assets	15	8,330	11,041	12,688	16,344
Investments in joint ventures	18	338,238	362,569	595,871	555,535
Investments in associates	19	—	85,451	78,405	45,715
Deferred tax assets	20	90,229	363,174	676,137	896,383
Right-of-use assets	16	59,261	53,103	56,656	54,069
Other non-current assets	27	401,300	464,256	129,557	437,939
Total non-current assets		5,145,195	6,057,982	6,366,177	6,810,537
CURRENT ASSETS					
Properties under development	22	6,315,573	16,985,467	27,983,573	30,847,738
Completed properties held for sale	23	2,497,505	1,657,437	1,296,666	1,215,995
Trade receivables	24	5,154	113,040	60,788	56,838
Due from related companies	41	247,894	603,421	730,271	1,814,572
Prepayments, deposits and other receivables	25	800,357	1,195,382	1,935,102	3,249,274
Tax recoverable		161,555	212,727	387,441	480,083
Financial assets at fair value through profit or loss	21	—	3,100	2,000	11,560
Other current assets	26	10,173	9,884	110,551	192,711
Restricted cash	28	210,686	519,822	1,637,442	2,039,356
Pledged deposits	28	91,954	153,712	158,473	132,122
Cash and cash equivalents	28	693,459	789,801	1,381,642	3,411,387
		11,034,310	22,243,793	35,683,949	43,451,636
Assets of a disposal group classified as held for sale	11	186,401	186,577	—	—
Total current assets		11,220,711	22,430,370	35,683,949	43,451,636
CURRENT LIABILITIES					
Trade and bills payables	29	2,001,782	2,404,558	4,058,372	4,586,498
Other payables, deposits received and accruals	30	1,101,634	1,252,326	2,665,500	3,367,230
Due to related companies	41	307,723	412,532	727,263	619,389
Interest-bearing bank and other borrowings	32	676,909	3,181,199	5,763,159	5,084,101
Tax payable	10	165,242	455,757	662,390	939,966
Contract liabilities	31	4,268,378	9,522,307	15,398,334	18,585,313
Financial guarantee contracts	33	—	7,487	1,176	197
Lease liabilities	16	6,021	3,921	4,512	4,526
		8,527,689	17,240,087	29,280,706	33,187,220
Liabilities of a disposal group classified as held for sale	11	119,762	103,205	—	—
Total current liabilities		8,647,451	17,343,292	29,280,706	33,187,220

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APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	Year ended 31 December			31 May
		2017	2018	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000
NET CURRENT ASSETS		<u>2,573,260</u>	<u>5,087,078</u>	<u>6,403,243</u>	<u>10,264,416</u>
TOTAL ASSETS LESS CURRENT					
LIABILITIES		<u>7,718,455</u>	<u>11,145,060</u>	<u>12,769,420</u>	<u>17,074,953</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings . .	32	2,908,984	4,672,629	5,992,020	10,092,159
Deferred tax liabilities	20	440,501	575,428	707,876	708,339
Financial guarantee contracts	33	—	511	—	—
Lease liabilities	16	<u>7,649</u>	<u>5,183</u>	<u>9,777</u>	<u>7,862</u>
Total non-current liabilities		<u>3,357,134</u>	<u>5,253,751</u>	<u>6,709,673</u>	<u>10,808,360</u>
NET ASSETS		<u><u>4,361,321</u></u>	<u><u>5,891,309</u></u>	<u><u>6,059,747</u></u>	<u><u>6,266,593</u></u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	34	—	—	1	1
Reserves	35	<u>3,775,073</u>	<u>5,231,884</u>	<u>5,227,219</u>	<u>5,411,801</u>
		<u>3,775,073</u>	<u>5,231,884</u>	<u>5,227,220</u>	<u>5,411,802</u>
Non-controlling interests	45	<u>586,248</u>	<u>659,425</u>	<u>832,527</u>	<u>854,791</u>
TOTAL EQUITY		<u><u>4,361,321</u></u>	<u><u>5,891,309</u></u>	<u><u>6,059,747</u></u>	<u><u>6,266,593</u></u>

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APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Merger and other reserve*	Capital reserve*	Statutory surplus reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
	Note 34	Note 35		Note 35		RMB'000	RMB'000	RMB'000
As at 31 December 2016 and 1 January 2017	—	878,431	—	191,942	680,155	1,750,528	284,604	2,035,132
Capital contribution by the Then Parent Company	—	1,410,000	—	—	—	1,410,000	—	1,410,000
Acquisition of non-controlling interests by shareholders	—	(395)	—	—	—	(395)	(26,826)	(27,221)
Acquisition of subsidiaries that are not businesses	—	—	—	—	—	—	248,362	248,362
Total comprehensive income for the year	—	—	—	—	613,860	613,860	35,093	648,953
Appropriations to statutory surplus reserve	—	—	—	70,423	(70,423)	—	—	—
Capital contribution from non-controlling shareholders	—	1,080	—	—	—	1,080	61,170	62,250
Distribution declared to non-controlling shareholders	—	—	—	—	—	—	(16,155)	(16,155)
As at 31 December 2017 and 1 January 2018	—	2,289,116	—	262,365	1,223,592	3,775,073	586,248	4,361,321
As at 31 December 2017 and 1 January 2018	—	2,289,116	—	262,365	1,223,592	3,775,073	586,248	4,361,321
Capital contribution by the Then Parent Company	—	1,000,000	—	—	—	1,000,000	—	1,000,000
Acquisition of non-controlling interests by shareholders	—	35,925	—	—	—	35,925	(35,925)	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	21,950	21,950
Acquisition of subsidiaries that are not businesses	—	—	—	—	—	—	52,147	52,147
Total comprehensive income for the year	—	—	—	—	420,886	420,886	96,805	517,691
Appropriations to statutory surplus reserve	—	—	—	62,458	(62,458)	—	—	—
Distribution declared to non-controlling shareholders	—	—	—	—	—	—	(61,800)	(61,800)
As at 31 December 2018 and 1 January 2019	—	3,325,041	—	324,823	1,582,020	5,231,884	659,425	5,891,309
As at 31 December 2018 and 1 January 2019	—	3,325,041	—	324,823	1,582,020	5,231,884	659,425	5,891,309
Issuance of new shares	1	—	35,511	—	—	35,512	—	35,512
Transfer from retained profits	—	87,184	—	—	(87,184)	—	—	—
Capital contribution from the Then Parent Company	—	114,999	—	—	—	114,999	—	114,999
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	60,576	60,576
Disposal of subsidiaries	—	—	—	—	—	—	(14,962)	(14,962)
Total comprehensive income for the year	—	—	—	—	544,825	544,825	127,488	672,313
Appropriations to statutory surplus reserve	—	—	—	88,921	(88,921)	—	—	—
Distribution declared to the Then Parent Company	—	—	—	—	(700,000)	(700,000)	—	(700,000)
As at 31 December 2019	1	3,527,224	35,511	413,744	1,250,740	5,227,220	832,527	6,059,747
As at 31 December 2019 and 1 January 2020	1	3,527,224	35,511	413,744	1,250,740	5,227,220	832,527	6,059,747
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	40,719	40,719
Total comprehensive income for the period	—	—	—	—	184,582	184,582	(18,455)	166,127
As at 31 May 2020	1	3,527,224	35,511	413,744	1,435,322	5,411,802	854,791	6,266,593

* These reserve accounts represent the total consolidated reserves of RMB3,775,073,000, RMB5,231,884,000, RMB5,227,219,000 and RMB5,411,801,000 in the consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively.

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APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Merger and other reserve*	Capital reserve*	Statutory surplus reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
	Note 34	Note 35		Note 35				
As at 31 December 2018 and 1 January 2019, . . .	—	3,325,041	—	324,823	1,582,020	5,231,884	659,425	5,891,309
Transfer from retained profits	—	87,184	—	—	(87,184)	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	9,900	9,900
Total comprehensive loss for the period	—	—	—	—	(51,772)	(51,772)	42,521	(9,251)
As at 31 May 2019 (unaudited)	—	3,412,225	—	324,823	1,443,064	5,180,112	711,846	5,891,958

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax						
From continuing operations		1,072,787	965,235	1,127,965	51,664	416,909
From discontinued operations . . .	11	(20,617)	21,265	(9,840)	(5,585)	—
Adjustments for:						
Depreciation of items of property, plant and equipment	6, 14	7,497	14,933	41,839	11,542	12,580
Amortisation of land use right	6, 16	1,515	1,515	1,515	631	631
Depreciation of leased properties . . .	6, 16	4,412	6,469	5,127	2,247	1,956
Amortisation of intangible assets . . .	6, 15	1,081	1,361	1,823	713	882
Finance costs	7, 11	84,159	128,697	230,821	63,076	115,148
(Gain)/loss on disposal of items of property, plant and equipment . . .	6	(17)	(4,307)	(374)	12	—
Share of profits and losses of joint ventures and associates		10,185	45,245	3,288	45,544	47,601
Gain on disposal of subsidiaries	11	—	—	32,092	—	—
Impairment losses recognised for properties under development		7,253	3,717	—	—	—
Impairment losses written off for completed properties held for sale .	23	(128,660)	(33,996)	(15,699)	(761)	(4,192)
Changes in fair value of investment properties	17	(490,798)	(295,121)	(160,840)	(91,100)	38,138
Interest income	5	(6,372)	(30,802)	(12,546)	(3,882)	(4,550)
Increase in properties under development and completed properties held for sale		(24,799)	(9,054,404)	(8,805,429)	(4,659,935)	(1,207,816)
(Increase)/decrease in other current assets		(3,667)	289	(100,667)	(1,677)	(82,160)
(Increase)/decrease in amounts due from related companies		90	(357)	(1,567)	(820)	613
Increase in restricted cash		(9,962)	(309,136)	(1,117,620)	(174,090)	(401,915)
Decrease/(increase) in pledged deposits	28	10,830	(21,565)	(44,954)	(104,914)	26,351
Decrease/(increase) in trade receivables.		31,990	(153,401)	44,978	(591)	3,950
Decrease/(increase) in prepayments, deposits and other receivables. . . .		(319,550)	261,126	296,724	(339,016)	(1,090,547)
Increase/(decrease) in trade and bills payables		247,858	404,507	1,692,799	(669,013)	528,125
(Decrease)/increase in other payables, deposits received and accruals . . .		(349,628)	(55,977)	(352,753)	1,642,623	(41,285)
Increase in contract liabilities.		269,015	5,235,902	5,824,055	4,009,303	3,186,980
Increase/(decrease) in amounts due to related companies.		10,557	28,600	64,084	15,138	(13,509)
Cash generated from/(used in) operations		405,159	(2,840,205)	(1,255,179)	(208,891)	1,533,890

APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	Year ended 31 December			Five months ended 31 May	
		2017	2018	2019	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest received	5	6,421	17,297	26,151	17,453	4,550
Interest paid		(419,559)	(722,025)	(813,455)	(442,822)	(703,330)
Interest element of finance lease rental payments		412	589	593	177	276
Tax paid		(179,009)	(743,401)	(1,070,314)	(522,147)	(462,244)
Net cash flows from/(used in) operating activities		(186,576)	(4,287,745)	(3,112,204)	(1,156,230)	373,142
CASH FLOWS FROM INVESTING ACTIVITIES						
Prepayment for acquisition of a subsidiary that is not a business	27	(400,300)	(5,000)	(50,000)	(50,000)	(344,164)
Disposal of subsidiaries.		—	—	52,161	—	—
Proceeds from disposal of items of property, plant and equipment	14	372	5,110	681	309	3
Disposals of intangible assets.	15	7	—	—	—	—
Purchases of items of property, plant and equipment.	14	(52,144)	(94,587)	(23,188)	(4,477)	(4,914)
Purchase of intangible assets	15	(1,765)	(4,072)	(3,470)	(957)	(4,538)
Additions of investment properties	17	(548,202)	(96,579)	—	—	—
Acquisition of subsidiaries that are not businesses		(685,653)	(266,219)	(269,700)	(4,914)	(136,240)
Acquisition of joint ventures and associates		(333,245)	(163,213)	(220,259)	—	—
Decrease/(increase) in financial assets at fair value through profit or loss		(10,800)	(3,100)	1,100	3,100	(9,560)
Advances to related companies.		(1,602,592)	(984,192)	(1,254,998)	(25,764)	(1,438,870)
Repayment of advances to related companies		1,560,529	950,021	1,250,472	449	1,283,287
(Increase)/decrease in loans to joint ventures and associates		(227,245)	(289,366)	(56,071)	163,440	(570,758)
Advances to third parties		(56,804)	(575,049)	(352,819)	(167,738)	(578,377)
Repayment of advances to third parties		47,701	326,640	199,778	102,744	522,210
Net cash flows from/(used in) investing activities		(2,310,141)	(1,199,606)	(726,313)	16,192	(1,281,921)

APPENDIX I

ACCOUNTANTS’ REPORT

Notes	Year ended 31 December			Five months ended 31 May	
	2017 RMB’000	2018 RMB’000	2019 RMB’000	2019 RMB’000 (unaudited)	2020 RMB’000
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution from the Then Parent Company	1,410,000	1,000,000	104,000	—	—
Principal portion of lease payments . .	(4,769)	(6,980)	(5,603)	(2,417)	(2,178)
Capital contribution by the non-controlling shareholders	62,250	21,950	60,576	9,900	40,719
Capital contribution upon the Reorganisation.	—	—	35,511	—	—
Acquisition of additional interests in subsidiaries	(18,221)	(4,500)	—	—	—
Advances from related companies . . .	2,335,546	2,681,456	3,211,006	1,950,537	14,797
Repayment of advances from related companies	(3,389,513)	(2,636,882)	(3,029,943)	(770,163)	(467,736)
Advances from third parties.	276,336	1,071,763	1,659,434	103,212	319,280
Repayment of advances from third parties	(202,801)	(742,884)	(888,494)	(243,087)	(366,047)
(Increase)/decrease in pledged deposits	—	(40,193)	40,193	40,193	—
Proceeds from interest-bearing bank and other borrowings	3,740,055	6,326,300	8,593,841	1,588,520	5,529,029
Repayment of interest-bearing bank and other borrowings	(1,313,000)	(2,011,900)	(4,677,565)	(1,301,955)	(2,129,340)
Distribution paid to the Then Parent Company	—	—	(700,000)	—	—
Distribution paid to non-controlling shareholders	(32,222)	(64,395)	—	—	—
Net cash flows from financing activities	2,863,661	5,593,735	4,402,956	1,374,740	2,938,524
NET INCREASE IN CASH AND CASH EQUIVALENTS.	366,944	106,384	564,439	234,702	2,029,745
Cash and cash equivalents at beginning of year/period	343,875	710,819	817,203	817,203	1,381,642
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD . . .	710,819	817,203	1,381,642	1,051,905	3,411,387

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APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December			Five months ended 31 May	
	Notes	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	28	996,099	1,463,335	3,177,557	1,945,232	5,582,865
Less: Restricted cash	28	210,686	519,822	1,637,442	693,912	2,039,356
Pledged deposits	28	91,954	153,712	158,473	218,434	132,122
Cash and cash equivalents as stated in the statements of financial position		693,459	789,801	1,381,642	1,032,886	3,411,387
Cash and cash equivalents attributable to discontinued operations		17,360	27,402	—	19,019	—
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF CASH FLOWS						
		710,819	817,203	1,381,642	1,051,905	3,411,387

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<u>Notes</u>	<u>31 December 2019 RMB’000</u>	<u>31 May 2020 RMB’000</u>
NON-CURRENT ASSETS			
Investments in subsidiaries.	1	<u>35,512</u>	<u>35,512</u>
Total non-current assets		<u>35,512</u>	<u>35,512</u>
CURRENT ASSETS			
Due from shareholders		<u>1</u>	<u>1</u>
Total current assets.		<u>1</u>	<u>1</u>
CURRENT LIABILITIES			
Due to subsidiaries		<u>1</u>	<u>1</u>
Total current assets.		<u>1</u>	<u>1</u>
NET CURRENT ASSETS		<u>—</u>	<u>—</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>35,512</u>	<u>35,512</u>
NET ASSETS		<u>35,512</u>	<u>35,512</u>
EQUITY			
Share capital	34	1	1
Reserves		<u>35,511</u>	<u>35,511</u>
TOTAL EQUITY		<u>35,512</u>	<u>35,512</u>

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 15 July 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development and property investment. The Then Parent Company of the Group is Rong Liang Group Co., Ltd. (the “Then Parent Company”) before the Reorganisation.

As at the date of this report, the Company had direct or indirect interests in more than 100 subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are set out below:

<u>Subsidiaries</u>	<u>Notes</u>	<u>Place and date of incorporation/ establishment and place of operations</u>	<u>Nominal value of registered share capital</u>	<u>Percentage of equity interest attributable to the Company</u>	<u>Principal activities</u>
Directly held:					
Leading Group Investment Limited .	(4)	British Virgin Islands 12 August 2019	USD50,000	100%	Investment holding
Du Neng Investment Limited	(4)	British Virgin Islands 4 June 2019	USD50,000	100%	Investment holding
Indirectly held:					
領地香港有限公司 Leading Hong Kong Holdings Ltd.	(4)	Hong Kong 28 August 2019	HKD10,000	100%	Investment holding
Du Neng Capital Limited.	(4)	Hong Kong 8 July 2019	HKD10,000	100%	Investment holding
成都璽達企業管理有限公司 Chengdu Xida Enterprise Management Co., Ltd. (“Chengdu Xida”).	(1)	People’s Republic of China (“PRC”)/ Mainland China 12 November 2019	USD50,000,000	100%	Investment holding
成都恒禧企業管理諮詢有限公司 Chengdu Hengxi Business Management Co., Ltd. (“Chengdu Hengxi”).	(1)	PRC/Mainland China 16 October 2019	RMB101,011,000	100%	Investment holding
領地集團有限公司 Leading Real Estate Group Co., Ltd.	(2)	PRC/Mainland China 19 April 1999	RMB3,390,000,000	100%	Property development
成都漢景實業有限公司 Chengdu Hanjing Industrial Co., Ltd.	(2)	PRC/Mainland China 31 March 2005	RMB535,000,000	100%	Property development
成都領地泛太房地產開發有限公司 Chengdu Leading Fantai Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 27 December 2013	RMB66,670,000	100%	Property development

APPENDIX I

ACCOUNTANTS’ REPORT

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
成都領跑房地產開發有限公司 Chengdu Lingpao Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 12 January 2018	RMB50,000,000	70%	Property development
成都領悅房地產開發有限公司 Chengdu Lingyue real Estate Development co. Ltd.	(2)	PRC/Mainland China 8 May 2012	RMB200,000,000	100%	Property development
成都新隆置業有限公司 Chengdu Xinlong Real Estate Co., Ltd.	(2)	PRC/Mainland China 19 November 2008	RMB50,000,000	95%	Property development
承德市君越房地產開發有限公司 Chengde Junyue Real Estate Development Co., Ltd. (Note (a)) (“Chengde Junyue”)	(1)	PRC/Mainland China 18 July 2017	RMB10,000,000	40%	Property development
佛山市禪城區領悅房地產開發有限公司 Foshan Chancheng Lingyue Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 29 January 2014	RMB50,000,000	100%	Property development
佛山市南海領地房地產開發有限公司 Foshan Nanhai Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 24 July 2009	RMB20,000,000	100%	Property development
廣東領地房地產開發有限公司 Guangdong Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 4 November 2006	RMB20,000,000	100%	Property development
廣東領悅房地產開發有限公司 Guangdong Lingyue Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 28 January 2014	RMB50,000,000	100%	Property development
惠州領地房地產開發有限公司 Huizhou Leading Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 21 November 2017	RMB100,000,000	100%	Property development
汕尾市領地房地產開發有限公司 Shanwei City Leading Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 8 May 2018	RMB20,408,200	100%	Property development
吉林省領地房地產開發有限公司 Jilin Province Leading Real Estate Development Co., Ltd. (“Jilin Leading”)	(2)	PRC/Mainland China 24 June 2010	RMB200,000,000	55%	Property development
大連領地房地產開發有限公司 Dalian Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 5 June 2014	RMB50,000,000	100%	Property development
廣西領地房地產開發有限公司 Guangxi Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 7 January 2010	RMB20,000,000	100%	Property development
西昌嘉悅蜀韵酒店管理有限公司 Xichang Jiayue Shuyun Hotel Management Co., Ltd.	(2)	PRC/Mainland China 28 November 2014	RMB800,000	82.5%	Hotel operation

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Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
四川宏晟悅華房地產開發有限公司 Sichuan Hongsheng Yuehua Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 8 August 2017	RMB5,000,000	100%	Property development
四川禦成瑞海房地產開發有限公司 Sichuan Yucheng Ruihai Real Estate. Development Co., Ltd.	(1)	PRC/Mainland China 8 August 2017	RMB5,000,000	100%	Property development
四川領域企業管理諮詢有限公司 Sichuan Lingyu Enterprise Management Co., Ltd.	(1)	PRC/Mainland China 27 September 2016	RMB5,000,000	100%	Investment management
樂山華匯達房地產開發有限公司 Leshan Huahuida Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 4 December 2017	RMB50,000,000	100%	Property development
樂山華瑞房地產開發有限公司 Leshan Huarui Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 4 December 2017	RMB243,000,000	70%	Property development
樂山領地房地產開發有限公司 Leshan Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 28 March 2008	RMB20,000,000	100%	Property development
樂山領悅房地產開發有限公司 Leshan Lingyue Real Estate Development Co., Ltd. (“Leshan Lingyue”).	(2)	PRC/Mainland China 23 May 2017	RMB8,000,000	60%	Property development
眉山泛亞房地產開發有限公司 Meishan Pan Asia Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 7 June 2018	RMB20,000,000	100%	Property development
眉山海納房地產開發有限公司 Meishan Haina Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 16 April 2018	RMB20,000,000	55%	Property development
眉山領地房地產開發有限公司 Meishan Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 15 November 2002	RMB20,000,000	100%	Property development
眉山唯創房地產開發有限公司 Meishan Weichuang Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 18 February 2011	RMB20,000,000	60%	Property development
仁壽領創房地產開發有限公司 Renshou Lingchuang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 19 April 2018	RMB50,000,000	100%	Property development
四川源地房地產開發有限公司 Sichuan Yuandi Real Estate Development Co., Ltd. (“Sichuan Yuandi”).	(2)	PRC/Mainland China 22 May 2007	RMB8,000,000	57%	Property development
四川長壽坊房地產開發有限責任公司 Sichuan Changshoufang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 6 January 2015	RMB10,800,000	80%	Property development

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眉山華瑞宏大置業有限公司 Meishan Huarui Honda Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 23 January 2019	RMB50,000,000	55%	Property development
武漢領地房地產開發有限公司 Wuhan Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 13 December 2018	RMB20,000,000	100%	Property development
綿陽嘉瑞誠房地產開發有限公司 Mianyang Jiaruicheng Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 3 January 2018	RMB50,000,000	62.1%	Property development
綿陽市三和實業有限公司 Mianyang Sanhe Industrial Co., Ltd. (“Mianyang Sanhe”)	(1)	PRC/Mainland China 6 December 2012	RMB125,000,000	65%	Property development
攀枝花領悅房地產開發有限公司 Panzhuhua Lingyue Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 9 May 2018	RMB250,000,000	100%	Property development
商丘川達房地產開發有限公司 Shangqiu Chuanda Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 24 May 2018	RMB50,000,000	51%	Property development
西昌領創房地產開發有限公司 Xichang Lingchuang Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 11 April 2017	RMB8,000,000	95%	Property development
西昌領悅房地產開發有限公司 Xichang Lingyue Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 20 April 2018	RMB10,000,000	100%	Property development
西昌市海誠旅游開發有限公司 Xichang Haicheng Tourism Development Co., Ltd.	(2)	PRC/Mainland China 10 August 2017	RMB20,000,000	52.25%	Property development
西昌唯創房地產開發有限公司 Xichang Weichuang Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 4 January 2017	RMB100,000,000	95%	Property development
烏魯木齊領地凱悅房地產開發有限公司 Urumqi Leading Kaiyue Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 30 March 2017	RMB50,000,000	100%	Property development
新疆領地房地產開發有限公司 Xinjiang Leading Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 2 February 2010	RMB60,000,000	85%	Property development
新疆兆龍誠祥房地產開發有限公司 Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 27 December 2013	RMB50,000,000	95.25%	Property development
雅安泛亞房地產開發有限公司 Ya’an Pan Asia Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 13 April 2018	RMB20,000,000	100%	Property development
雅安領悅房地產開發有限公司 Ya’an Lingyue Real Estate Development Co., Ltd.	(2)	PRC/Mainland China 22 March 2017	RMB20,000,000	95%	Property development

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雅安源地房地產開發有限公司 Ya'an Yuandi Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 2 May 2017	RMB8,000,000	95%	Property development
雅安領地房地產開發有限公司 Ya'an Leading Real Estate Development Co., Ltd. ("Ya'an Leading")	(1)	PRC/Mainland China 11 November 2009	RMB8,000,000	51%	Property development
駐馬店盛世匯通房地產開發有限公司 Zhumadian Shengshi Huitong Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 12 July 2018	RMB40,000,000	70%	Property development
駐馬店偉昇房地產開發有限公司 Zhumadian Weisheng Real Estate Development Co. Ltd.	(1)	PRC/Mainland China 12 July 2018	RMB8,000,000	70%	Property development
駐馬店偉順房地產開發有限公司 Zhumadian Weishun Real Estate Development Co. Ltd.	(1)	PRC/Mainland China 19 June 2018	RMB8,000,000	70%	Property development
南充領創房地產開發有限公司 Nanchong Lingchuang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 4 January 2019	RMB50,000,000	100%	Property development
郫縣升達置業有限責任公司 Pixian Shengda Real Estate Co., Ltd. ("Pixian Shengda")	(1)	PRC/Mainland China 11 July 2014	RMB100,000,000	55%	Property development
成都悅航房地產開發有限公司 Chengdu Yuehang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China 2 April 2018	RMB44,387,500	100%	Property development
駐馬店皇家驛站文化旅游開發有限公司 Zhumadian Royal Post Cultural Tourism Development Co. Ltd.	(1)	PRC/Mainland China 11 June 2018	RMB100,000,000	70%	Property development
荊州領創房地產開發有限公司 Jingzhou Lingchuang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 10 January 2019	RMB50,000,000	100%	Property development
西昌源地房地產開發有限公司 Xichang Yuandi Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 24 April 2018	RMB50,000,000	95%	Property development
雅安唯創房地產開發有限公司 Ya'an Weichuang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 20 September 2018	RMB50,000,000	100%	Property development
綿陽泛太亞房地產開發有限公司 Mianyang Fantaiya Real Estate Development Co., Ltd. (Note (b)) ("Mianyang Fantaiya")	(1)	PRC/Mainland China 25 March 2019	RMB40,000,000	50%	Property development
貴州川達房地產開發有限公司 Guizhou Chuanda Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 29 April 2019	RMB20,000,000	55%	Property development

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重慶泛太房地產開發有限公司 Chongqing Fantai Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 25 April 2019	RMB50,000,000	100%	Property development
綿陽鴻遠領悅房地產開發有限公司 Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (Note (b)) (“Mianyang Hongyuan”)	(1)	PRC/Mainland China 10 June 2019	RMB20,000,000	50%	Property development
新疆民佰房地產開發有限公司 Xinjiang Minbai Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 12 October 1998	RMB224,960,000	100%	Property development
四川凱旋房地產開發有限公司 Sichuan Kaixuan Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 28 August 2006	RMB8,000,000	100%	Property development
庫爾勒領創房地產開發有限公司 Korla Lingchuang Real Estate. Development Co., Ltd.	(1)	PRC/Mainland China 11 April 2018	RMB60,000,000	100%	Property development
烏魯木齊領地瑞華房地產開發有限公司 Urumqi Leading Ruihua Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 13 March 2020	RMB12,000,000	60%	Property development
烏魯木齊領地恒達房地產開發有限公司 Urumqi Leading Hengda Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 8 May 2020	RMB20,000,000	100%	Property development
綿陽金泰實業有限公司 Mianyang Jintai Industrial Co., Ltd.	(1)	PRC/Mainland China 16 November 2009	RMB10,000,000	100%	Property development
雅安新領域房地產開發有限公司 Ya'an New Field Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 16 July 2019	RMB50,000,000	100%	Property development
南充領悅房地產開發有限公司 Nanchong Lingyue Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 13 August 2019	RMB50,000,000	82%	Property development
西昌恒量房地產開發有限公司 Xichang Hengliang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 15 July 2019	RMB25,000,000	80%	Property development
荊州領悅房地產開發有限公司 Jingzhou Lingyue Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 18 July 2019	RMB50,000,000	100%	Property development
成都睿威房地產開發有限公司 Chengdu Ruiwei Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 9 March 2020	RMB5,000,000	100%	Property development
成都領尚房地產開發有限公司 Chengdu Lingshang Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 9 March 2020	RMB20,000,000	100%	Property development
成都新昱企業管理有限公司 Chengdu Xinyu Enterprise Management Co., Ltd.	(1)	PRC/Mainland China 24 March 2020	RMB10,000,000	100%	Property development

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成都航悦企業管理有限公司 Chengdu Hangyue Enterprise Management Co., Ltd.	(1)	PRC/Mainland China 18 March 2020	RMB10,000,000	100%	Property development
成都高新源地川達企業管理有限公司 Chengdu Gaoxin Yuandi Chuanda Enterprise Management Co., Ltd. .	(1)	PRC/Mainland China 13 March 2020	RMB10,200,000	51%	Property development
成都港基房地產開發有限公司 Chengdu Gangji Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 17 October 2002	RMB42,577,514	100%	Property development
西昌泛太房地產開發有限公司 Xichang Fantai Real Estate Development Co., Ltd.	(1)	PRC/Mainland China 7 January 2020	RMB20,000,000	100%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

- (1) No audited financial statements have been prepared and issued for these entities for the years ended 31 December 2017, 2018 and 2019 as these companies are not subject to any statutory audit requirements under the relevant rules and regulations.
- (2) The statutory financial statements for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC accounting principles and regulations have been audited by Zhonghui Certified Public Accountants LLP (中匯會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (3) The statutory financial statements for the years ended 31 December 2018 and 2019 prepared in accordance with PRC accounting principles and regulations have been audited by Zhonghui Certified Public Accountants LLP (中匯會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (4) No audited financial statements have been prepared for these entities since corporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

Note (a): The Group had a 40% equity interest in Chengde Junyue as at 31 December 2017, 2018 and 2019 and 31 May 2020. Pursuant to the supplemental agreement dated 18 July 2017 regarding the voting arrangement entered into with one of the shareholders, the Group is entitled to an additional 11% of the voting rights, therefore, the Group has control over the entity and the entity is thus accounted for as a subsidiary of the Group.

Note (b): The Group had 50% equity interests in Mianyang Fantaiya and its 100% subsidiary Mianyang Hongyuan as at 31 December 2019 and 31 May 2020. Pursuant to the articles of association of Mianyang Fantaiya, the Group owns 51% of the voting rights, therefore, the Group has control over these entities through its majority voting position and these entities are thus accounted for as subsidiaries of the Group.

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2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “Our History, Reorganisation and Corporate Structure” in the Document, the Company became the holding company of the companies now comprising the Group on 9 December 2019. The Reorganisation involved only the insertion and a series of equity transfers of the Company as a new holding entity above an existing company and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing company using the pooling of interest method.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and 31 May 2020 present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All intra-group transactions and balances have been eliminated on consolidation 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”). IFRSs effective for the accounting periods commencing from 1 January 2018, 1 January 2019 and 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.

IFRS 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018, has been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. Early adoption of IFRS 9 and its amendments is permitted.

IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after 1 January 2018, have been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. Early adoption of IFRS 15 and its amendments is permitted.

IFRS 16 *Leases*, which is effective for annual periods beginning on or after 1 January 2019, has been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. IFRS 16 includes two elective recognition exemptions for lessees—leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Early adoption of IFRS 16 and its amendments is permitted.

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 (“FVPL”) which have been measured at fair value.

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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.

IFRS 17	<i>Insurance Contracts</i> ⁴
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ⁴
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous Contracts—Cost of Fulfilling a Contract</i> ²
<i>Annual Improvements to IFRS Standards 2018–2020 Cycle</i>	<i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41</i> ²
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> ³
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i> ⁴
Amendments to IFRS 17	<i>Insurance Contracts</i> ⁴
Amendments to IAS 28 and IFRS 10	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵

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 Effective for annual periods beginning on or after 1 June 2020

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that the adoption of them will not have material impact on the Group’s financial position and financial performance.

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.

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The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company’s statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company’s investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations other than common control combinations

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group’s share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

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If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, properties under development, completed properties held for sale, deferred tax assets, investment properties and a disposal group 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.

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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.

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Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Hotel properties	4.75%
Motor vehicles	19.00%
Office equipment and electronic devices	19.00%–31.67%
Leasehold improvements	Over the shorter of the lease terms and 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income 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 represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. 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 the leasehold property 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.

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For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas (“GFA”) to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

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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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

Group as a lessee

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.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities 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 its estimated useful life and the lease terms and the estimated useful lives of the assets as follows:

Land use right	40 years
Leased properties	1 to 5 years

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(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease 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 termination of 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 machinery and equipment (that is 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 and laptop computers that are 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.

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Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and at 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 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 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to 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.

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Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are 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.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, 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 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

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Simplified approach

For trade receivables 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 evaluated expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables 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 fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 trade and bills payables, other payables, lease liabilities and amounts due to related parties, and interest-bearing bank and other borrowings.

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, interest-bearing loans 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.

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 asset”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amount is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

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ACCOUNTANTS’ REPORT

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer 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 with 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.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at the point in time when the purchaser obtains control of the asset.

Sale of properties

Revenue from the sale of properties is recognised over time when the Group’s performance under the sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise revenue from the sale of properties is recognised at a point in time.

The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

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.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

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Project Management

The Group provides management services to its customers at fixed or variable amount. If the consideration is variable, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group recognises revenue from management services over a period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance does not create an asset with an alternative use.

Hotel operation

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

Revenue from other sources

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

A contract liability is 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).

Employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB, which is the Company’s functional currency because the Group’s principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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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:

Property lease classification—Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Revenue recognition

Revenue from the sale of properties is recognised over time when the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

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The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on the type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard monthly cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can affect the Group’s revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

Provision for properties under development and completed properties held for sale

The Group’s properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group’s historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed to by the parties to the contract provides the Group with a significant benefit of financing.

Advance payments received from customers provides a significant financing benefit to the Group. Although the Group is required to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for the expended construction costs on the project. The advance payments received in effect reduce the Group’s need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers.

PRC corporate income tax (“CIT”)

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

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PRC land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows, and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The carrying amounts of investment properties at 31 December 2017, 2018 and 2019 and 31 May 2020 were RMB4,072,100,000, RMB4,463,800,000, RMB4,580,800,000 and RMB4,574,000,000, respectively. Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 17 to the Historical Financial Information.

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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 20 to the Historical Financial Information.

Leases—Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services they provide and has three reportable operating segments as follows:

• Property development:	Development and sale of properties and project management
• Commercial property investment and operation:	Property leasing
• Hotel operations:	Hotel operations

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income and non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment net assets exclude other unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

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The Group’s operations are mainly conducted in Mainland China. Management considered there is no reportable geographical segment as all revenues from external customers are generated in Mainland China and the Group’s significant non-current assets are located in Mainland China.

Year ended 31 December 2017	Property development RMB’000	Commercial property investment and operation RMB’000	Hotel operations RMB’000	Total RMB’000
Segment revenue:				
Sales to external customers	5,304,782	28,519	5,328	5,338,629
Segment results.	679,027	510,091	(151)	1,188,967
<i>Reconciliation:</i>				
Interest income.				6,372
Finance costs				(83,831)
Corporate and other unallocated expenses.				<u>(38,721)</u>
Profit before tax from continuing operations.				<u>1,072,787</u>
Segment assets	10,517,061	5,437,356	110,437	16,064,854
<i>Reconciliation:</i>				
Corporate and other unallocated assets.				114,651
Assets related to discontinued operations				<u>186,401</u>
Total assets				<u>16,365,906</u>
Segment liabilities	7,638,565	4,124,305	112,583	11,875,453
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				9,370
Liabilities related to discontinued operations.				<u>119,762</u>
Total liabilities.				<u>12,004,585</u>

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Year ended 31 December 2018	Property development RMB’000	Commercial property investment and operation RMB’000	Hotel operations RMB’000	Total RMB’000
Segment revenue:				
Sales to external customers	4,456,246	51,418	6,239	4,513,903
Segment results.	879,394	323,543	1,022	1,203,959
<i>Reconciliation:</i>				
Interest income.				8,000
Finance costs				(127,269)
Corporate and other unallocated expenses.				<u>(119,455)</u>
Profit before tax from continuing operations.				<u>965,235</u>
Segment assets	22,004,005	5,974,197	200,073	28,178,275
<i>Reconciliation:</i>				
Corporate and other unallocated assets.				123,500
Assets related to discontinued operations				<u>186,577</u>
Total assets				<u>28,488,352</u>
Segment liabilities	17,721,858	4,539,103	210,390	22,471,351
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				22,487
Liabilities related to discontinued operations.				<u>103,205</u>
Total liabilities.				<u>22,597,043</u>

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Year ended 31 December 2019	Property development RMB’000	Commercial property investment and operation RMB’000	Hotel operations RMB’000	Total RMB’000
Segment revenue:				
Sales to external customers	7,460,186	70,876	37,102	7,568,164
Segment results.	1,319,937	201,386	1,170	1,522,493
<i>Reconciliation:</i>				
Interest income.				8,694
Finance costs				(230,381)
Corporate and other unallocated expenses.				<u>(172,841)</u>
Profit before tax from continuing operations.				<u><u>1,127,965</u></u>
Segment assets	35,367,241	6,072,237	255,156	41,694,634
<i>Reconciliation:</i>				
Corporate and other unallocated assets.				<u>355,492</u>
Total assets				<u><u>42,050,126</u></u>
Segment liabilities	30,995,749	4,685,273	287,626	35,968,648
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>21,731</u>
Total liabilities				<u><u>35,990,379</u></u>

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Five months ended 31 May 2019 (unaudited)	Property development RMB’000	Commercial property investment and operation RMB’000	Hotel operations RMB’000	Total RMB’000
Segment revenue:				
Sales to external customers	1,036,342	30,287	10,827	1,077,456
Segment results.	123,534	108,901	(287)	232,148
<i>Reconciliation:</i>				
Interest income.				1,627
Finance costs				(62,656)
Corporate and other unallocated expenses.				<u>(119,455)</u>
Profit before tax from continuing operations.				<u><u>51,664</u></u>
Segment assets	28,329,706	6,026,155	200,746	34,556,607
<i>Reconciliation:</i>				
Corporate and other unallocated assets.				345,884
Assets related to discontinued operations				<u>177,814</u>
Total assets				<u><u>35,080,305</u></u>
Segment liabilities	24,277,587	4,572,199	224,061	29,073,847
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				14,473
Liabilities related to discontinued operations.				<u>96,820</u>
Total liabilities.				<u><u>29,185,140</u></u>

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Five months ended 31 May 2020	Property development RMB’000	Commercial property investment and operation RMB’000	Hotel operations RMB’000	Total RMB’000
Segment revenue:				
Sales to external customers	2,989,619	29,157	9,058	3,027,834
Segment results.	637,722	(21,784)	(642)	615,296
<i>Reconciliation:</i>				
Interest income.				3,494
Finance costs				(115,148)
Corporate and other unallocated expenses.				<u>(86,733)</u>
Profit before tax from continuing operations.				<u><u>416,909</u></u>
Segment assets	41,854,574	7,986,291	253,639	50,094,504
<i>Reconciliation:</i>				
Corporate and other unallocated assets.				<u>167,669</u>
Total assets				<u><u>50,262,173</u></u>
Segment liabilities	37,146,755	6,534,286	294,929	43,975,970
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>19,610</u>
Total liabilities				<u><u>43,995,580</u></u>

Information about a major customer

Revenue from one customer amounting to RMB597,420,000 and RMB682,680,000 for the years ended 31 December 2017 and 2018, respectively, arose from sales in the property development segment. The Group did not have any customer who contributed over 10% to the total revenue of the Group for the year ended 31 December 2019 and the five months ended 31 May 2020.

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5. REVENUE, OTHER INCOME AND GAINS

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Revenue from contracts with customers					
Sale of properties	5,304,782	4,454,504	7,452,435	1,030,587	2,984,811
Hotel operations	5,328	6,239	37,102	10,827	9,058
Project management	—	1,743	7,751	5,755	4,808
Revenue from other sources					
Commercial property operations	28,519	51,417	70,876	30,287	29,157
	<u>5,338,629</u>	<u>4,513,903</u>	<u>7,568,164</u>	<u>1,077,456</u>	<u>3,027,834</u>

Revenue from contracts with customers

For the year ended 31 December 2017

	Sale of properties RMB’000	Hotel operations RMB’000	Project management RMB’000	Total RMB’000
Recognised at a point in time	4,915,337	79	—	4,915,416
Recognised over time	389,445	5,249	—	394,694
Total revenue from contracts with customers	<u>5,304,782</u>	<u>5,328</u>	<u>—</u>	<u>5,310,110</u>

For the year ended 31 December 2018

	Sale of properties RMB’000	Hotel operations RMB’000	Project management RMB’000	Total RMB’000
Recognised at a point in time	3,182,541	127	—	3,182,668
Recognised over time	1,271,963	6,112	1,743	1,279,818
Total revenue from contracts with customers	<u>4,454,504</u>	<u>6,239</u>	<u>1,743</u>	<u>4,462,486</u>

For the year ended 31 December 2019

	Sale of properties RMB’000	Hotel operations RMB’000	Project management RMB’000	Total RMB’000
Recognised at a point in time	5,212,313	6,962	—	5,219,275
Recognised over time	2,240,122	30,140	7,751	2,278,013
Total revenue from contracts with customers	<u>7,452,435</u>	<u>37,102</u>	<u>7,751</u>	<u>7,497,288</u>

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For the five months ended 31 May 2019 (unaudited)

	<u>Sale of properties</u> RMB’000	<u>Hotel operations</u> RMB’000	<u>Project management</u> RMB’000	<u>Total</u> RMB’000
Recognised at a point in time	370,873	1,814	—	372,687
Recognised over time	<u>659,714</u>	<u>9,013</u>	<u>5,755</u>	<u>67,482</u>
Total revenue from contracts with customers	<u>1,030,587</u>	<u>10,827</u>	<u>5,755</u>	<u>1,047,169</u>

For the five months ended 31 May 2020

	<u>Sale of properties</u> RMB’000	<u>Hotel operations</u> RMB’000	<u>Project management</u> RMB’000	<u>Total</u> RMB’000
Recognised at a point in time	1,897,751	1,489	—	1,899,240
Recognised over time	<u>1,087,060</u>	<u>7,569</u>	<u>4,808</u>	<u>1,099,437</u>
Total revenue from contracts with customers	<u>2,984,811</u>	<u>9,058</u>	<u>4,808</u>	<u>2,998,677</u>

Other income and gains

	<u>Year ended 31 December</u>			<u>Five months ended 31 May</u>	
	<u>2017</u> RMB’000	<u>2018</u> RMB’000	<u>2019</u> RMB’000	<u>2019</u> RMB’000	<u>2020</u> RMB’000
	(unaudited)				
Bank interest income.	6,372	8,000	8,694	1,627	3,494
Interest income from joint ventures and an associate (<i>note 41</i>)	—	9,230	3,852	2,255	1,056
Interest income from a shareholder of an associate.	—	13,572	—	—	—
Management consulting service fees charged to joint ventures and associates (<i>note 41</i>)	—	—	9,336	—	3,307
Government grants	524	5,709	2,276	1,173	4,602
Compensation	3,879	17,351	17,273	1,299	4,212
Gain on disposal of items of property, plant and equipment	17	4,351	614	228	—
Others	<u>605</u>	<u>1,480</u>	<u>2,781</u>	<u>673</u>	<u>1,066</u>
Total.	<u>11,397</u>	<u>59,693</u>	<u>44,826</u>	<u>7,255</u>	<u>17,737</u>

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6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Five months ended 31 May	
		2017 RMB’000	2018 RMB’000	2019 RMB’000	2019 RMB’000 (unaudited)	2020 RMB’000
Cost of properties sold	17, 23	4,372,848	2,904,776	5,411,502	716,513	2,033,141
Cost of hotel operations		5,479	5,217	35,932	11,114	9,701
Impairment losses written off for completed properties held for sale.	23	(128,660)	(33,996)	(15,699)	(761)	(4,192)
Impairment loss recognised for properties under development and completed properties held for sale		7,253	3,717	—	—	—
Depreciation of items of property, plant and equipment	14	7,497	14,933	41,839	11,542	12,580
Amortisation of intangible assets	15	1,081	1,361	1,823	713	882
Amortisation of right-of-use assets	16	5,927	7,984	6,642	2,878	2,587
(Gain)/loss on disposal of items of property, plant and equipment		(17)	(4,307)	(374)	12	—
Employee benefit expense (including directors’ and chief executive’s remuneration):						
Wages and salaries		102,188	238,584	272,860	124,039	108,437
Pension scheme contributions and social welfare		15,460	34,277	36,929	18,167	17,583
Fair value gains/(loss) on investment properties.	17	490,798	295,121	160,840	91,100	(38,138)

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Interest on bank and other borrowings	388,665	668,637	1,445,048	438,890	708,735
Interest arising from revenue contracts	38,687	40,987	75,255	17,223	46,002
Less: Interest capitalised	(343,521)	(582,355)	(1,289,922)	(393,457)	(639,589)
	<u>83,831</u>	<u>127,269</u>	<u>230,381</u>	<u>62,656</u>	<u>115,148</u>

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits					
in kind	1,291	1,446	1,883	705	892
Performance-related bonuses*	1,322	1,279	1,251	183	395
Pension scheme contributions					
and social welfare	<u>280</u>	<u>316</u>	<u>276</u>	<u>116</u>	<u>64</u>
Total	<u>2,893</u>	<u>3,041</u>	<u>3,410</u>	<u>1,004</u>	<u>1,351</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

(a) Independent non-executive directors

Mr. Fang Min, Ms. Jin Xu and Ms. Liang Yunxing were appointed as independent non-executive directors of the Company on [•] 2020. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

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(b) Executive directors and chief executive

Year ended 31 December 2017

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance- related bonuses</u>	<u>Pension scheme contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Executive directors:					
— Mr. Liu Yuhui	—	456	—	70	526
— Mr. Luo Changlin	—	278	445	70	793
— Ms. Zeng Xurong	—	278	363	70	711
— Ms. Hou Xiaoping	—	279	514	70	863
	—	1,291	1,322	280	2,893

Year ended 31 December 2018

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance- related bonuses</u>	<u>Pension scheme contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Executive directors:					
— Mr. Liu Yuhui	—	456	—	79	535
— Mr. Luo Changlin	—	329	405	79	813
— Ms. Zeng Xurong	—	329	171	79	579
— Ms. Hou Xiaoping	—	332	703	79	1,114
	—	1,446	1,279	316	3,041

Year ended 31 December 2019

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance- related bonuses</u>	<u>Pension scheme contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Executive directors:					
— Mr. Liu Yuhui	—	456	—	69	525
— Mr. Luo Changlin	—	492	521	69	1,082
— Ms. Zeng Xurong	—	440	208	69	717
— Ms. Hou Xiaoping	—	495	522	69	1,086
	—	1,883	1,251	276	3,410

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Five months ended 31 May 2019 (unaudited)

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance- related bonuses</u>	<u>Pension scheme contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Executive directors:					
— Mr. Liu Yuhui	—	190	—	29	219
— Mr. Luo Changlin	—	171	81	29	281
— Ms. Zeng Xurong	—	172	21	29	222
— Ms. Hou Xiaoping	—	172	81	29	282
	—	705	183	116	1,004

Five months ended 31 May 2020

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance- related bonuses</u>	<u>Pension scheme contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Executive directors:					
— Mr. Liu Yuhui	—	190	—	16	206
— Mr. Luo Changlin	—	251	140	16	407
— Ms. Zeng Xurong	—	218	58	16	292
— Ms. Hou Xiaoping	—	233	197	16	446
	—	892	395	64	1,351

Mr. Liu Yuhui is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2019 and 2020 included two, two, two, two and no directors, respectively. Details of those directors’ remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2019 and 2020 of the highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Salaries, allowances and benefits in kind . . .	1,384	1,598	2,651	436	2,633
Performance-related bonuses	3,106	2,955	3,104	581	949
Pension scheme contributions and social welfare	350	395	346	86	78
Total	4,840	4,948	6,101	1,103	3,660

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			Five months ended 31 May	
	2017	2018	2019	2019	2020
				(unaudited)	
Nil to HKD1,000,000	2	2	1	3	4
HKD1,000,001 to HKD1,500,000	1	1	1	—	—
HKD1,500,001 to HKD2,000,000	—	—	1	—	1
Total	3	3	3	3	5

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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 Group’s subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group’s subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China except for Xizang Yimeixin Industrial Co., Ltd. (“Xizang Yimeixin”) and Tibet Hengliang Industrial, Co., Ltd. (“Tibet Hengliang”), are subject to PRC corporate income tax at a rate of 25% for the Relevant Periods. Xizang Yimeixin and Tibet Hengliang enjoyed a preferential CIT rate of 9% during the year ended 31 December 2017 and 15% during the two years ended December 2018 and 2019 and the five months ended May 2020.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Current tax:					
PRC corporate income tax	64,795	355,709	440,121	148,343	319,740
PRC LAT.	169,939	251,118	218,298	14,406	153,464
Deferred tax (<i>note 20</i>)	168,483	(138,018)	(180,515)	(107,419)	(222,422)
Total tax charge for the year	<u>403,217</u>	<u>468,809</u>	<u>477,904</u>	<u>55,330</u>	<u>250,782</u>
Total tax charge for the year					
from continuing operations	<u>399,898</u>	<u>464,277</u>	<u>469,688</u>	<u>55,330</u>	<u>250,782</u>
Total tax charge for the year from					
discontinued operations	<u>3,319</u>	<u>4,532</u>	<u>8,216</u>	<u>—</u>	<u>—</u>

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	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Profit before tax from continuing operations	1,072,787	965,235	1,127,965	51,664	416,909
Profit before tax from discontinued operations	(20,617)	21,265	(9,840)	(5,585)	—
Profit before tax	<u>1,052,170</u>	<u>986,500</u>	<u>1,118,125</u>	<u>46,079</u>	<u>416,909</u>
At the statutory income tax rate	263,043	246,625	279,532	11,520	104,227
Lower tax rate(s) for specific provinces or enacted by local authority	(3,739)	629	922	(84)	(835)
Profits and losses attributable to joint ventures and an associate	2,546	11,311	822	11,386	11,900
Expenses/cost not deductible for tax	1,262	6,125	5,811	3,611	12,834
Deductible temporary differences utilised from previous years	(15,022)	(6,847)	(7,260)	(297)	(6,392)
Deductible temporary differences not recognised	16,892	3,684	11,446	698	196
Tax losses not recognised	10,781	18,944	22,908	17,692	13,754
Provision for LAT	169,939	251,118	218,298	14,406	153,464
Tax effect on LAT	<u>(42,485)</u>	<u>(62,780)</u>	<u>(54,575)</u>	<u>(3,602)</u>	<u>(38,366)</u>
Tax charge at the Group’s effective rate	<u>403,217</u>	<u>468,809</u>	<u>477,904</u>	<u>55,330</u>	<u>250,782</u>
Tax charge from continuing operations at the effective rate	<u>399,898</u>	<u>464,277</u>	<u>469,688</u>	<u>55,330</u>	<u>250,782</u>
Tax charge from discontinued operations at the effective rate	<u>3,319</u>	<u>4,532</u>	<u>8,216</u>	<u>—</u>	<u>—</u>

Tax payable in the consolidated statements of financial position represents:

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Tax payable				
PRC corporate income tax	26,077	197,813	279,292	458,847
PRC LAT	<u>139,165</u>	<u>257,944</u>	<u>383,098</u>	<u>481,119</u>
	<u>165,242</u>	<u>455,757</u>	<u>662,390</u>	<u>939,966</u>

The share of tax attributable to associates and joint ventures amounting to RMB10,185,000, RMB45,245,000, RMB3,288,000, RMB45,544,000 and RMB47,601,000 as at 31 December 2017, 2018 and 2019 and 31 May 2019 and 2020 is included in “Share of profits and losses of joint ventures and associates” in profit or loss.

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11. DISCONTINUED OPERATIONS

In December 2017, according to the resolution of the board of directors, the Group decided to dispose certain subsidiaries, all of which had been set up for purposes not related to the core business of the Group and hence not in line with the long term strategic development. The following sets forth the details of such disposals:

On 14 June 2019, the Group entered into an equity transfer agreement with Rong Liang Group, pursuant to which, the Group disposed of its entire equity interest in Lingyue Property Services Group Co., Ltd. (“Lingyue Property”) to Rong Liang Group at a consideration of approximately RMB5.7 million.

The Group has decided to dispose the property management related services because it was not related to the core business of the Group. With Lingyue Property being classified as a discontinued operation, the property management related services is no longer included in the note for operating segment information.

On 30 June 2019, the Group entered into an equity transfer agreement with Sichuan Linghui Enterprise Management Co., Ltd. (“Sichuan Linghui”) and Nuoruide Investment Holding Group Co., Ltd. (“Nuoruide International”), an Independent Third Party, pursuant to which, transferred its 55% and 45% equity interest in Jilin Junyi Property Service Co., Ltd. (“Jilin Junyi”) to Sichuan Linghui and Nuoruide International, respectively, at considerations of approximately RMB0.43 million and approximately RMB0.35 million, respectively. The Group has decided to dispose the property management related services because it was not related to the core business of the Group. With Jilin Junyi being classified as a discontinued operation, the property management related services is no longer included in the note for operating segment information.

On 19 June 2019, the Group entered into equity transfer agreements with Sichuan Huayitong Trading Co., Ltd., an Independent Third Party, pursuant to which, transferred its 69% equity interest in Meishan Dongpo District Fanmei Management Co., Ltd. (“Meishan Dongpo”) at considerations of RMB69 million. The Group has decided to dispose the business management services related services because it was not related to the core business of the Group.

On 6 May 2019, the Group entered into equity transfer agreements with Sichuan Lingci Health Industry Co., Ltd. (“Sichuan Lingci Health”), a direct wholly-owned subsidiary of Rong Liang Group, pursuant to which, transferred its 100% equity in Sichuan Lingci Health at nil consideration as the registered capital of Meishan Gaokang was not due for payment in accordance with its articles of association at the time of such disposal. The Group has decided to dispose provision of medical services, because it was not related to the core business of our Group.

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The results of discontinued operations for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2019 are presented below:

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	120,247	174,347	108,570	67,198	—
Finance costs	(327)	(1,428)	(440)	(420)	—
Expenses	(140,537)	(151,654)	(85,878)	(72,363)	—
Profit/(loss)before tax					
from the discontinued operations	(20,617)	21,265	(9,840)	(5,585)	—
Income tax	(3,319)	(4,532)	—	—	—
Gain on disposal of discontinued operations			32,092		
Tax attributable to gain on disposal			(8,216)		
Profit/(loss) for the year/period					
from the discontinued operations	(23,936)	16,733	14,036	(5,585)	—

The major classes of assets and liabilities of discontinued operations classified as held for sale as at 31 December 2017, 2018 and 2019 are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB’000	RMB’000	RMB’000
Assets			
Trade and bills receivables	2,645	48,160	—
Prepayments, other receivables and other assets	166,396	111,011	—
Cash and cash equivalents	17,360	27,402	—
Assets classified as held for sale	186,401	186,577	—
	Year ended 31 December		
	2017	2018	2019
	RMB’000	RMB’000	RMB’000
Liabilities			
Trade and bills payables	2,522	4,253	—
Other payables and accruals	85,526	43,834	—
Interest-bearing bank loans and other borrowings	—	12,600	—
Tax payable	2,953	4,621	—
Contract liabilities	28,761	37,897	—
Liabilities directly associated with the assets classified as held for sale	119,762	103,205	—
Net assets directly associated with the disposal group	66,639	83,372	—

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The net cash flows incurred by discontinued operations are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB’000	RMB’000	RMB’000
Cash flows from/(used in) discontinued operations:			
Operating activities	30,418	4,833	(5,412)
Investing activities	(13,219)	(7,392)	(38,784)
Financing activities	(15,053)	12,600	16,794
Net cash inflow	<u>2,146</u>	<u>10,041</u>	<u>(27,402)</u>

12. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

The Group made distributions to the non-controlling shareholders before the completion of Reorganisation in the amounts of RMB16,200,000, RMB61,800,000 and nil for the years ended 2017, 2018 and 2019 and the five months ended 31 May 2020, respectively. The Group made distributions to the Then Parent Company before the completion of Reorganisation in the amounts of nil, nil, RMB700,000,000 and nil for the years ended 2017, 2018 and 2019 and the five months ended 31 May 2020, respectively.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the Historical Financial Information for the Relevant Periods, and the basis of preparation of which as disclosed in note 2.2.

14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment and electronic devices	Buildings	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2017						
At 31 December 2016 and 1 January 2017:						
Cost	38,607	16,670	12,584	3,473	109,781	181,115
Accumulated depreciation	(29,410)	(12,653)	(4,251)	(3,473)	—	(49,787)
Net carrying amount	<u>9,197</u>	<u>4,017</u>	<u>8,333</u>	<u>—</u>	<u>109,781</u>	<u>131,328</u>
At 1 January 2017, net of accumulated depreciation . .	9,197	4,017	8,333	—	109,781	131,328
Additions	6,633	2,840	471	6,281	35,919	52,144
Acquisition of subsidiaries	60	57	—	—	—	117
Transfers from construction in progress	—	—	49,408	7,276	(56,684)	—
Disposals	(133)	(99)	(123)	—	—	(355)
Depreciation provided during the year	(3,276)	(2,019)	(605)	(1,597)	—	(7,497)
At 31 December 2017, net of accumulated depreciation	<u>12,481</u>	<u>4,796</u>	<u>57,484</u>	<u>11,960</u>	<u>89,016</u>	<u>175,737</u>
At 31 December 2017:						
Cost	45,167	19,468	62,340	17,030	89,016	233,021
Accumulated depreciation	(32,686)	(14,672)	(4,856)	(5,070)	—	(57,284)
Net carrying amount	<u>12,481</u>	<u>4,796</u>	<u>57,484</u>	<u>11,960</u>	<u>89,016</u>	<u>175,737</u>

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	Motor vehicles	Office equipment and electronic devices	Buildings	Hotel properties	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018							
At 31 December 2017 and 1 January 2018:							
Cost	45,167	19,468	62,340	—	17,030	89,016	233,021
Accumulated depreciation	(32,686)	(14,672)	(4,856)	—	(5,070)	—	(57,284)
Net carrying amount	12,481	4,796	57,484	—	11,960	89,016	175,737
At 1 January 2018, net of accumulated depreciation	12,481	4,796	57,484	—	11,960	89,016	175,737
Additions	1,477	8,532	—	—	760	83,818	94,587
Disposals	(42)	(4)	(757)	—	—	—	(803)
Transfers from construction in progress	—	—	—	111,600	—	(111,600)	—
Depreciation provided during the year	(4,452)	(3,604)	(2,914)	—	(3,963)	—	(14,933)
At 31 December 2018, net of accumulated depreciation	9,464	9,720	53,813	111,600	8,757	61,234	254,588
At 31 December 2018:							
Cost	46,602	27,996	61,583	111,600	17,790	61,234	326,805
Accumulated depreciation	(37,138)	(18,276)	(7,770)	—	(9,033)	—	(72,217)
Net carrying amount	9,464	9,720	53,813	111,600	8,757	61,234	254,588
31 December 2019							
At 31 December 2018 and 1 January 2019:							
Cost	46,602	27,996	61,583	111,600	17,790	61,234	326,805
Accumulated depreciation	(37,138)	(18,276)	(7,770)	—	(9,033)	—	(72,217)
Net carrying amount	9,464	9,720	53,813	111,600	8,757	61,234	254,588
At 1 January 2019, net of accumulated depreciation	9,464	9,720	53,813	111,600	8,757	61,234	254,588
Additions	1,674	11,198	—	—	8,704	1,612	23,188
Acquisition of a subsidiary	—	—	—	—	—	435	435
Disposals	(305)	(4)	—	—	—	—	(309)
Transfers from construction in progress	—	8,432	—	—	54,414	(62,846)	—
Depreciation provided during the year	(4,644)	(14,218)	(3,175)	(5,301)	(14,501)	—	(41,839)
At 31 December 2019, net of accumulated depreciation	6,189	15,128	50,638	106,299	57,374	435	236,063
At 31 December 2019:							
Cost	47,971	47,622	61,583	111,600	80,908	435	350,119
Accumulated depreciation	(41,782)	(32,494)	(10,945)	(5,301)	(23,534)	—	(114,056)
Net carrying amount	6,189	15,128	50,638	106,299	57,374	435	236,063

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	Motor vehicles	Office equipment and electronic devices	Buildings	Hotel properties	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 May 2020							
At 31 December 2019 and 1 January 2020:							
Cost	47,971	47,622	61,583	111,600	80,908	435	350,119
Accumulated depreciation	(41,782)	(32,494)	(10,945)	(5,301)	(23,534)	—	(114,056)
Net carrying amount	<u>6,189</u>	<u>15,128</u>	<u>50,638</u>	<u>106,299</u>	<u>57,374</u>	<u>435</u>	<u>236,063</u>
At 1 January 2020, net of accumulated depreciation	6,189	15,128	50,638	106,299	57,374	435	236,063
Additions	1,461	1,631	—	—	1,822	—	4,914
Acquisition of a subsidiary	155	30	1,973	—	—	—	2,158
Disposals	—	(3)	—	—	—	—	(3)
Depreciation provided during the period	(551)	(1,852)	(1,196)	(2,209)	(6,772)	—	(12,580)
At 31 May 2020, net of accumulated depreciation	<u>7,254</u>	<u>14,934</u>	<u>51,415</u>	<u>104,090</u>	<u>52,424</u>	<u>435</u>	<u>230,552</u>
At 31 May 2020:							
Cost	49,587	49,280	63,556	111,600	82,730	435	357,188
Accumulated depreciation	(42,333)	(34,346)	(12,141)	(7,510)	(30,306)	—	(126,636)
Net carrying amount	<u>7,254</u>	<u>14,934</u>	<u>51,415</u>	<u>104,090</u>	<u>52,424</u>	<u>435</u>	<u>230,552</u>

Certain of the Group’s property, plant and equipment with aggregate carrying amounts of approximately RMB104,090,000 as at 31 May 2020 have been pledged to secure bank and other borrowings granted to the Group (note 32).

15. INTANGIBLE ASSETS

	Year ended 31 December			31 May 2020
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period:				
Cost	10,941	12,699	16,771	20,241
Accumulated amortisation	(3,288)	(4,369)	(5,730)	(7,553)
Net carrying amount	<u>7,653</u>	<u>8,330</u>	<u>11,041</u>	<u>12,688</u>
Carrying amount at the beginning of the year/period	7,653	8,330	11,041	12,688
Additions	1,765	4,072	3,470	4,538
Disposals	(7)	—	—	—
Amortisation provided during the year/period	(1,081)	(1,361)	(1,823)	(882)
Carrying amount at the end of the year/period	<u>8,330</u>	<u>11,041</u>	<u>12,688</u>	<u>16,344</u>
At the end of the year/period:				
Cost	12,699	16,771	20,241	24,779
Accumulated amortisation	(4,369)	(5,730)	(7,553)	(8,435)
Net carrying amount	<u>8,330</u>	<u>11,041</u>	<u>12,688</u>	<u>16,344</u>

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The recognised right-of-use assets relate to the following types of assets:

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Land use right	45,786	44,271	42,756	42,125
Leased properties	13,475	8,832	13,900	11,944
Total right-of-use assets	59,261	53,103	56,656	54,069

The land use right is held for self-use. The Group has lease contracts for office buildings and hotel properties. The lease term is two years to five years. Amortisation expenses have been charged to administrative expenses and cost of sales.

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Land use right				
Carrying amount at the beginning of the year/period	47,301	45,786	44,271	42,756
Depreciation provided during the year/period	(1,515)	(1,515)	(1,515)	(631)
Carrying amount at the end of the year/period	45,786	44,271	42,756	42,125

Certain of the Group’s land use right with aggregate carrying amounts of approximately RMB19,429,000 as at 31 May 2020 have been pledged to secure bank and other borrowings granted to the Group (note 32).

The movements in leased properties and lease liabilities during each of the Relevant Periods are as follows:

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Leased properties				
Carrying amount at the beginning of the year/period	4,058	13,475	8,832	13,900
Additions	13,829	1,826	10,195	—
Depreciation provided during the year/period	(4,412)	(6,469)	(5,127)	(1,956)
Carrying amount at the end of the year/period	13,475	8,832	13,900	11,944

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	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities				
Carrying amount at the beginning of the year/period	4,198	13,670	9,104	14,289
Additions.	13,829	1,825	10,195	—
Interest during the year/period.	412	589	593	277
Payments during the year/period	(4,769)	(6,980)	(5,603)	(2,178)
Carrying amount at the end of the year/period	<u>13,670</u>	<u>9,104</u>	<u>14,289</u>	<u>12,388</u>
Analysed into:				
Current portion	6,021	3,921	4,512	4,526
Non-current portion	<u>7,649</u>	<u>5,183</u>	<u>9,777</u>	<u>7,862</u>

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	412	589	593	277
Amortisation of land use right	1,515	1,515	1,515	631
Depreciation charge of leased properties	4,412	6,469	5,127	1,956
Expense relating to short-term leases	<u>1,058</u>	<u>1,316</u>	<u>3,096</u>	<u>1,359</u>
Total amount recognised in profit or loss.	<u>7,397</u>	<u>9,889</u>	<u>10,331</u>	<u>4,223</u>

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17. INVESTMENT PROPERTIES

	Under construction RMB’000	Completed RMB’000	Total RMB’000
Carrying amount at 31 December 2016 and 1 January 2017	2,776,600	256,500	3,033,100
Additions.	548,202	—	548,202
Investment properties under construction transferred to completed investment properties	(2,716,633)	2,716,633	—
Net gain from a fair value adjustment (<i>note 6</i>)	113,931	376,867	490,798
Carrying amount at 31 December 2017 and 1 January 2018	722,100	3,350,000	4,072,100
Additions.	96,579	—	96,579
Investment properties under construction transferred to completed investment properties	(818,679)	818,679	—
Net gain from a fair value adjustment (<i>note 6</i>)	—	295,121	295,121
Carrying amount at 31 December 2018 and 1 January 2019	—	4,463,800	4,463,800
Investment properties transferred to completed properties held for sale	—	(1,098)	(1,098)
Transferred to cost of sales	—	(42,742)	(42,742)
Net gain from a fair value adjustment (<i>note 6</i>)	—	160,840	160,840
Carrying amount at 31 December 2019 and 1 January 2020	—	4,580,800	4,580,800
Acquisition of a subsidiary	—	34,200	34,200
Transferred to cost of sales	—	(2,862)	(2,862)
Net loss from a fair value adjustment (<i>note 6</i>)	—	(38,138)	(38,138)
Carrying amount at 31 May 2020	—	4,574,000	4,574,000

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 31 May 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), an independent professionally qualified valuer, at RMB4,072,100,000, RMB4,463,800,000, RMB4,580,800,000 and RMB4,574,000,000, respectively. The Group’s senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s senior finance manager and the chief financial officer have 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 aggregate carrying amounts of approximately RMB414,234,000, RMB721,283,000, RMB274,377,000 and RMB1,432,533,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 32).

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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) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Recurring fair value measurement for				
Investment properties				
Under construction	—	—	722,100	722,100
Completed	—	—	3,350,000	3,350,000
	—	—	4,072,100	4,072,100
Fair value measurement as at 31 December 2018 using				
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Recurring fair value measurement for				
Investment properties				
Completed	—	—	4,463,800	4,463,800
	—	—	4,463,800	4,463,800
Fair value measurement as at 31 December 2019 using				
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Recurring fair value measurement for				
Investment properties				
Completed	—	—	4,580,800	4,580,800
	—	—	4,580,800	4,580,800

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Recurring fair value measurement for	Fair value measurement as at 31 May 2020 using			Total RMB’000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	
Investment properties				
Completed	—	—	4,574,000	4,574,000
	—	—	4,574,000	4,574,000

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range			31 May 2020
			Year ended 31 December			
			2017	2018	2019	
Completed investment properties	Income capitalisation method	Estimated rental value (per square metre per month)	RMB59–410	RMB61–430	RMB63–450	RMB59–452
		Capitalisation rate	5.0%–5.50%	5.0%–5.50%	5.0%–5.50%	5.0%–5.50%
Investment properties under construction	Comparison method	Estimated profit margin	15%	N/A	N/A	N/A

The fair value of completed investment properties is determined by the income capitalisation method 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 has also been made 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 in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of investment properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost to be expensed to complete the properties that would be incurred by a market participant; and

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- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated profit margin, the lower the fair value is for the investment properties under construction.

18. INVESTMENTS IN JOINT VENTURES

	Year ended 31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets	338,238	362,569	595,871	555,535

The Group’s trade and other receivable and payable balances, with joint ventures are disclosed in note 41 to the Historical Financial Information.

(a) Particulars of the Group’s joint ventures

Name of company	Place and date of registration	Paid-in capital RMB’000	Percentage of ownership interest attributable to the Group	Principal activities
徐州唯創房地產開發有限公司 Xuzhou Wei Chuang Real Estate Development Co., Ltd. (“Xuzhou Wei Chuang”)	Xuzhou, PRC 9 April 2018	50,000	47% (note i) (note (b))	Property development
張家口原綠房地產開發有限公司 Zhangjiakou Yuan Lv Real Estate Development Co., Ltd. (“Zhangjiakou Yuan Lv”)	Zhangjiakou, PRC 31 March 2017	50,000	45% (note ii) (note (c))	Property development
徐州方錦置業有限公司 Xuzhou Fang Jin Real Estate Development Co., Ltd. (“Xuzhou Fang Jin”)	Xuzhou, PRC 14 June 2017	37,736	47% (note iii) (note (d))	Property development
四川省瑞興祥房地產開發有限公司 Sichuan Ruiyuxiang Real Estate Development Co., Ltd. (“Sichuan Ruiyuxiang”)	E’meshan, PRC 14 January 2014	30,000	61.2% (note iv) (note (e))	Property development
深圳豐盛實力鋼管有限公司 Shenzhen Fengsheng Shili Steel Tube Co., Ltd. (“Shenzhen Fengsheng”)	Shenzhen, PRC 25 January 1994	10,000	50% (note v) (note (f))	Property development
樂山恒邦置業發展有限公司 Leshan Hengbang Real Estate Co., Ltd. (“Leshan Hengbang”)	Leshan, PRC 4 January 2010	50,000	48% (note vi)	Property development
樂山川達房地產開發有限公司 Leshan Chuanda Real Estate Development Co., Ltd. (“Leshan Chuanda”)	Leshan, PRC 4 December 2017	50,000	40% (note vii) (note (g))	Property development
徐州輝創房地產開發有限公司 Xuzhou Hui Chuang Real Estate Development Co., Ltd. (“Xuzhou Hui Chuang”)	Xuzhou, PRC 6 February 2018	50,000	47%	Property development
眉山市東坡區金蘋果領地花嶼幼稚園 Meishan Dongpo Jin Ping Guo Leading Hua Yu Kindergarten	Meishan, PRC 31 August 2017	909	45%	Kindergarten
北京清大怡豪投資有限公司 Beijing Qingda Yihao Investment Co., Ltd.	Beijing, PRC 9 March 2010	10,006	55%	Investment holding
四川利保清大投資有限公司 Sichuan Libao Qingda Investment Co., Ltd.	Sichuan, PRC 7 April 2010	24,600	55%	Investment holding

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Name of company	Place and date of registration	Paid-in capital RMB'000	Percentage of ownership interest attributable to the Group	Principal activities
雅安城投領地房地產開發有限公司 Ya'an Chengtou Leading Real Estate Development Co., Ltd. (“Ya'an Chengtou”)	Ya'an, PRC 12 July 2017	30,000	51% (note viii)	Property development
承德領地房地產開發有限公司 Chengde Leading Real Estate Development Co., Ltd. (“Chengde Leading”)	Chengde, PRC 24 March 2010	25,000	60% (note ix)	Property development
成都京領英赫置業有限公司 Chengdu Jingling Yinghe Real Estate Co., Ltd. (“Chengdu Jingling”)	Chengdu, PRC 19 August 2019	100,000	45%	Property development
雅安海納房地產開發有限公司 Ya'an Haina Real Estate Development Co., Ltd. (“Ya'an Haina”)	Ya'an, PRC 26 October 2018	20,000	34%	Property development
江油碧智房地產開發有限公司 Jiangyou Bizhi Real Estate Development Co., Ltd. (“Jiangyou Bizhi”)	Jiangyou, PRC 10 May 2019	20,000	35%	Property development
西昌市盛碧房地產開發有限公司 Xichang Shengbi Real Estate Development Co., Ltd. (“Xichang Shengbi”)	Xichang, PRC 24 April 2019	20,000	40%	Property development
樂山市碧盛房地產開發有限公司 Leshan Bisheng Real Estate Development Co., Ltd. (“Leshan Bisheng”)	Leshan, PRC 27 May 2019	18,182	35%	Property development
瀛凱眾成文化投資有限公司 Yingkai Zhongcheng Culture Investment Co., Ltd.	Meishan, PRC 6 November 2019	100,000	40%	Property development

Note i: During the Relevant Periods, Xuzhou Wei Chuang Real Estate Development Co., Ltd. had two shareholders holding 53% and 47% equity interests, respectively. Pursuant to the articles of association of Xuzhou Wei Chuang, all shareholder resolutions of Xuzhou Wei Chuang shall be resolved by the two shareholders on an unanimous basis. In light of this requirement, Xuzhou Wei Chuang is accounted for as a joint venture of the Company notwithstanding that the Company held a 47% equity interest during the Relevant Periods.

Note ii: During the Relevant Periods, Zhangjiakou Yuan Lv had three shareholders holding 20%, 35% and 45% equity interests, respectively. Pursuant to the articles of association of Zhangjiakou Yuan Lv, all shareholder resolutions of Zhangjiakou Yuan Lv shall be resolved on an unanimous basis. In light of this requirement, Zhangjiakou Yuan Lv is accounted for as a joint venture of the Company notwithstanding that the Company held a 45% equity interest during the Relevant Periods.

Note iii: During the Relevant Periods, Xuzhou Fang Jin had two shareholders holding 53% and 47% equity interests, respectively. Pursuant to the articles of association of Xuzhou Fang Jin, all shareholder resolutions of Xuzhou Fang Jin shall be resolved by the two shareholders on an unanimous basis. In light of this requirement Xuzhou Fang Jin is accounted for as a joint venture of the Company notwithstanding that the Company held a 47% equity interest during the Relevant Periods.

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- Note iv:* During the Relevant Periods, Sichuan Ruiyuxiang had two shareholders holding 61.2% and 38.8% equity interests, respectively. Pursuant to the articles of association of Sichuan Ruiyuxiang, all shareholder resolutions of Sichuan Ruiyuxiang shall be resolved by the two shareholders on an unanimous basis. In light of this requirement, Sichuan Ruiyuxiang is accounted for as a joint venture of the Company notwithstanding that the Company held a 61.2% equity interest during the Relevant Periods.
- Note v:* During the Relevant Periods, Shenzhen Fengsheng Shili Steel Tube had five shareholders holding 15%, 12.5%, 5%, 17.5% and 50% equity interests, respectively. Pursuant to the articles of association of Shenzhen Fengsheng, all shareholder resolutions of Shenzhen Fengsheng shall be resolved by the five shareholders on an unanimous basis. In light of this requirement, Shenzhen Fengsheng is accounted for as a joint venture of the Company notwithstanding that the Company held a 50% equity interest during the Relevant Periods.
- Note vi:* During the Relevant Period, Leshan Hengbang had three shareholders holding 48%, 43.33% and 8.67% equity interests, respectively. Pursuant to the articles of association of Leshan Hengbang, all shareholder resolutions of Leshan Hengbang shall be resolved by the three shareholders on an unanimous basis. In light of this requirement, Leshan Hengbang is accounted for as a joint venture of the Company notwithstanding that the Company held a 48% equity interest during the Relevant Period.
- Note vii:* During the Relevant Periods, Leshan Chuanda had three shareholders holding 40%, 30% and 30% equity interests, respectively. Pursuant to the articles of association of Leshan Chuanda, all shareholder resolutions of Leshan Chuanda shall be resolved by the three shareholders on an unanimous basis. In light of this requirement, Leshan Chuanda is accounted for as a joint venture of the Company notwithstanding that the Company held a 40% equity interest during the Relevant Periods.
- Note viii:* During the Relevant Periods, Ya’an Chengtou had two shareholders holding 51%, and 49% equity interests, respectively. Pursuant to the articles of association of Ya’an Chengtou, all shareholder resolutions of Ya’an Chengtou shall be resolved by the two shareholders on an unanimous basis. In light of this requirement, Ya’an Chengtou is accounted for as a joint venture of the Company notwithstanding that the Company held a 51% equity interest during the Relevant Periods.
- Note ix:* During the Relevant Periods, Chengde Leading had two shareholders holding 60%, and 40% equity interests, respectively. Pursuant to the articles of association of Chengde Leading, all shareholder resolutions of Chengde Leading shall be resolved by the two shareholders on an unanimous basis. In light of this requirement, Chengde Leading is accounted for as a joint venture of the Company notwithstanding that the Company held a 60% equity interest during the Relevant Periods.

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- (b) Xuzhou Wei Chuang, which is considered as a material joint venture of the Group for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020, co-develops a property development project with another venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Xuzhou Wei Chuang adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December		31 May
	2018	2019	2020
	RMB’000	RMB’000	RMB’000
Current assets	329,044	741,715	727,414
Non-current assets	—	—	—
Current liabilities	(288,096)	(671,957)	(709,011)
Non-current liabilities	—	(50,000)	—
Net assets	<u>40,948</u>	<u>19,758</u>	<u>18,403</u>
Reconciliation to the Group’s interest in the joint venture:			
Proportion of the Group’s ownership	47%	47%	47%
Group’s share of net assets of the joint venture . . .	<u>19,246</u>	<u>9,286</u>	<u>8,649</u>
Revenue	—	—	—
Expenses	(9,052)	(21,191)	(1,355)
Tax	—	—	—
Net loss and total comprehensive loss for the year/period	<u>(9,052)</u>	<u>(21,191)</u>	<u>(1,355)</u>

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- (c) Zhangjiakou Yuan Lv, which is considered as a material joint venture of the Group for the years ended 31 December 2017, 2018, and 2019 and the five months ended 31 May 2020, co-develops a property development project with another joint venture partners in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Zhangjiakou Yuan Lv adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Current assets	394,897	987,744	804,794	762,800
Non-current assets	1,831	14,089	15,903	3,312
Current liabilities	(352,300)	(792,387)	(445,138)	(582,420)
Non-current liabilities	—	(182,600)	(267,400)	(90,800)
Net assets	<u>44,428</u>	<u>26,846</u>	<u>108,159</u>	<u>92,892</u>
Reconciliation to the Group’s interest in the joint venture:				
Proportion of the Group’s ownership.	45%	45%	45%	45%
Group’s share of net assets of the joint venture	19,993	12,081	48,672	41,801
Revenue.	—	—	470,737	—
Expenses	(7,391)	(22,963)	(371,161)	(15,268)
Tax	<u>1,819</u>	<u>5,381</u>	<u>(18,263)</u>	<u>—</u>
Net profit/(loss) and total comprehensive income/(loss) for the year/period	<u>(5,572)</u>	<u>(17,582)</u>	<u>81,313</u>	<u>(15,268)</u>

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- (d) Xuzhou Fang Jin, which is considered as a material joint venture of the Group for the years ended 31 December 2018 and 2019 and the five months ended 31 May 2020, co-develops a property development project with another joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Xuzhou Fang Jin adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December		31 May
	2018	2019	2020
	RMB’000	RMB’000	RMB’000
Current assets	832,867	564,419	606,939
Non-current assets	225	151	121
Current liabilities	(792,256)	(489,492)	(535,856)
Non-current liabilities	(10,779)	—	—
Net assets	<u>30,057</u>	<u>75,078</u>	<u>71,204</u>
Reconciliation to the Group’s interest in the joint venture:			
Proportion of the Group’s ownership	47%	47%	47%
Group’s share of net assets of the joint venture . . .	<u>14,127</u>	<u>35,287</u>	<u>33,466</u>
Revenue	—	908,963	—
Expenses	(7,679)	(842,104)	(3,874)
Tax	—	(21,838)	—
Net profit/(loss) and total comprehensive income/ (loss) for the year/period	<u>(7,679)</u>	<u>45,021</u>	<u>(3,874)</u>

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- (e) Sichuan Ruiyuxiang, which is considered as a material joint venture of the Group for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020, co-develops a property development project with another joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Sichuan Ruiyuxiang adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Current assets	267,575	270,427	237,135	299,994
Non-current assets	—	—	—	—
Current liabilities	(103,478)	(114,267)	(130,172)	(198,727)
Non-current liabilities	(33,573)	(33,573)	—	—
Net assets	130,524	122,587	106,963	101,267
Reconciliation to the Group’s interest in the joint venture:				
Proportion of the Group’s ownership.	61.2%	61.2%	61.2%	61.2%
Group’s share of net assets of the joint venture	79,881	75,023	65,461	61,975
Revenue.	—	—	—	—
Expenses	(195)	(7,937)	(15,624)	(5,696)
Tax	—	—	—	—
Net loss and total comprehensive loss for the year/period	(195)	(7,937)	(15,624)	(5,696)

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- (f) Shenzhen Fengsheng, which is considered as a material joint venture of the Group for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020, co-develops a property development project with the other joint venture partners in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Shenzhen Fengsheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Current assets	659,752	684,856	555,968	566,781
Non-current assets	33	33	28	26
Current liabilities	(130,862)	(154,216)	(159,158)	(170,837)
Non-current liabilities	(130,948)	(130,948)	—	—
Net assets	397,975	399,725	396,838	395,970
Reconciliation to the Group’s interest in the joint venture:				
Proportion of the Group’s ownership.	50%	50%	50%	50%
Group’s share of net assets of the joint venture	198,988	199,862	198,419	197,985
Revenue.	160	6,095	—	—
Expenses	(2,185)	(4,351)	(2,880)	(868)
Tax	—	5	(6)	—
Net profit/(loss) and total comprehensive income/(loss) for the year/period	(2,025)	1,749	(2,886)	(868)

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- (g) Leshan Chuanda, which is considered as a material joint venture of the Group for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020, co-develops a property development project with another joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Leshan Chuanda adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Current assets	200,083	711,482	826,130	901,528
Non-current assets	6	13,864	78	27,596
Current liabilities	(150,125)	(690,090)	(813,534)	(967,891)
Non-current liabilities	—	—	—	—
Net assets	49,964	35,256	12,674	(38,767)
Reconciliation to the Group’s interest in the joint venture:				
Proportion of the Group’s ownership.	40%	40%	40%	40%
Group’s share of net assets of the joint venture	19,986	14,102	5,070	—
Revenue.	—	—	5	—
Expenses	(42)	(19,568)	(30,113)	(51,441)
Tax	6	4,860	7,527	—
Net loss and total comprehensive loss for the year/period	(36)	(14,708)	(22,581)	(51,441)

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- (h) The following table illustrates the aggregate financial information of the Group’s joint ventures that are not individually material:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Share of the joint ventures’ profits/(losses) for the year	(1,532)	(7,056)	18,926	(24,223)
Share of the joint ventures’ total comprehensive income/(loss). . .	(1,532)	(7,056)	18,926	(24,223)
Aggregate carrying amount of the Group’s investments in the joint ventures	19,390	31,693	238,152	218,289

19. INVESTMENTS IN ASSOCIATES

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets	—	85,451	78,405	45,715

The Group’s trade and other receivable and payable balances with associates are disclosed in note 41 to the Historical Financial Information.

(a) Particulars of the Group’s associates

Name of company	Place and date of registration	Paid-in capital RMB’000	Percentage of ownership interest attributable to the	Principal activities
			Group	
成都金凱盛瑞房地產開發有限公司 Chengdu Jinkaishengrui Real Estate Development Co., Ltd. (“Chengdu Jinkaishengrui”) (Note (b))	Chengdu, PRC 9 January 2018	200,000	49.00%	Property development
海城市景地基業有限公司 Haicheng Jingdi foundation Co., Ltd. (“Haicheng Jingdi”).	Haicheng, PRC 24 March 2010	50,000	12.58% (note i)	Property development

Note i: Pursuant to the articles of association of this entity, the Group is entitled to appoint one director to Haicheng Jingdi, which comprise the entity’s board of directors with 5 directors in aggregate. Management confirms it can exercise significant influence and considered Haicheng Jingdi as an associate.

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- (b) Chengdu Jinkaishengrui, which is considered as a material associate of the Group for the year ended 31 December 2018 and 2019 and the five months ended 31 May 2020, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Chengdu Jinkaishengrui adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	31 December		31 May
	2018	2019	2020
	RMB’000	RMB’000	RMB’000
Current assets	1,106,658	1,503,275	1,425,580
Non-current assets	15,852	130	15,152
Current liabilities	(547,211)	(1,342,386)	(1,347,383)
Non-current liabilities	(400,909)	(1,009)	(52)
Net assets	174,390	160,010	93,297
Reconciliation to the Group’s interest in the associate:			
Proportion of the Group’s ownership	49%	49%	49%
Group’s share of net assets of the associate	85,451	78,405	45,715
Revenue	—	10	—
Expenses	(34,074)	(19,118)	(16,714)
Tax	8,465	4,728	—
Net loss and total comprehensive loss for the year/period	(25,609)	(14,380)	(16,714)

- (c) The following table illustrates the aggregate financial information of the Group’s associate that is not individually material:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Share of the associate’s loss for the year	(5,000)	—	—	—
Share of the associate’s total comprehensive loss	(5,000)	—	—	—
Carrying amount of the Group’s investment in the associate	—	—	—	—

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20. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

	Losses available for offsetting against future taxable profits	Impairment of completed properties held for sale/under development	Accrued cost development	Advertising fee for offsetting against future taxable profits	Unrealised revenue received in advance	Financial guarantee contracts	Unpaid land value added tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2016 and 1 January 2017	44,131	16,792	—	7,139	70,383	—	18,279	156,724
Deferred tax credited/ (charged) to profit or loss during the year .	(22,132)	(4,632)	—	1,394	8,196	—	13,543	(3,631)
At 31 December 2017 and 1 January 2018	21,999	12,160	—	8,533	78,579	—	31,822	153,093
Deferred tax credited/ (charged) to profit or loss during the year .	28,110	(2,371)	—	9,685	269,573	2,000	25,537	332,534
At 31 December 2018 and 1 January 2019	50,109	9,789	—	18,218	348,152	2,000	57,359	485,627
Deferred tax credited/ (charged) to profit or loss during the year .	46,053	(18)	61,721	18,454	184,117	(1,706)	21,954	330,575
At 31 December 2019 and 1 January 2020	96,162	9,771	61,721	36,672	532,269	294	79,313	816,202
Deferred tax credited/ (charged) to profit or loss during the year .	38,484	—	93,539	(33,814)	99,849	(245)	39,642	237,455
At 31 May 2020.	134,646	9,771	155,260	2,858	632,118	49	118,955	1,053,657

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Deferred tax liabilities

	Fair value adjustment arising from investment properties RMB’000	Recognition of revenue over time RMB’000	Total RMB’000
At 1 January 2017	326,731	11,782	338,513
Deferred tax charged to profit or loss during the year . .	138,301	26,551	164,852
At 31 December 2017	465,032	38,333	503,365
Deferred tax charged to profit or loss during the year . .	92,982	101,534	194,516
At 31 December 2018	558,014	139,867	697,881
Deferred tax charged to profit or loss during the year . .	43,967	106,093	150,060
At 31 December 2019	601,981	245,960	847,941
Acquisition of a subsidiary	2,639	—	2,639
Deferred tax charged to profit or loss during the year . .	1,101	13,932	15,033
At 31 May 2020	605,721	259,892	865,613

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2017 RMB’000	31 December 2018 RMB’000	2019 RMB’000	31 May 2020 RMB’000
Net deferred tax assets recognised in the consolidated statements of financial position	90,229	363,174	676,137	896,383
Net deferred tax liabilities recognised in the consolidated statements of financial position	(440,501)	(575,428)	(707,876)	(708,339)
	(350,272)	(212,254)	(31,739)	188,044

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, 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.

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The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,989,160,000, RMB2,403,750,000, RMB2,544,035,000 and RMB2,887,169,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively.

The Group had unutilised tax losses arising in the PRC of approximately RMB43,124,000, RMB87,876,000, RMB93,585,000 and RMB97,477,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively, that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of the deductible temporary differences amounting to approximately RMB26,412,000, RMB23,124,000, RMB30,997,000 and RMB29,677,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted fund investments, at fair value	—	3,100	2,000	11,560

The unlisted investments were wealth management products.

22. PROPERTIES UNDER DEVELOPMENT

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period . . .	3,922,314	6,315,573	16,985,467	27,983,573
Additions	4,741,166	12,541,535	14,836,982	3,910,548
Acquisition of subsidiaries that are not businesses	1,736,977	162,788	1,152,316	893,592
Transferred to completed properties held for sale (<i>note 23</i>)	(4,105,142)	(2,043,959)	(4,991,192)	(1,939,975)
Impairment losses recognised	(7,253)	(3,717)	—	—
Impairment losses transferred to completed properties held for sale (<i>note 23</i>)	27,511	13,247	—	—
At the end of the year/period	6,315,573	16,985,467	27,983,573	30,847,738

The Group’s properties under development are situated on leasehold lands in Mainland China.

Certain of the Group’s properties under development with aggregate carrying amounts of approximately RMB1,004,757,000, RMB7,419,492,000 and RMB10,272,573,000 and RMB10,312,008,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (*note 32*).

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The movements in provision for impairment of properties under development are as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period . . .	(29,788)	(9,530)	—	—
Impairment losses recognised	(7,253)	(3,717)	—	—
Impairment losses transferred to completed properties held for sale (note 23)	27,511	13,247	—	—
At the end of the year/period	(9,530)	—	—	—

The value of properties under development was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and existing prices, less applicable variable selling expenses and anticipated costs at completion, at the end of each reporting period.

23. COMPLETED PROPERTIES HELD FOR SALE

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of the year/period	2,664,062	2,497,505	1,657,437	1,296,666
Acquisition of a subsidiary that is not a business	—	—	—	5,442
Transferred from properties under development (note 22)	4,105,142	2,043,959	4,991,192	1,939,975
Transferred from Investment properties (note 17)	—	—	1,098	—
Transferred to cost of sales (note 6) . . .	(4,372,848)	(2,904,776)	(5,368,760)	(2,030,280)
Impairment losses transferred from properties under development (note 22)	(27,511)	(13,247)	—	—
Impairment losses written off (note 6) . .	128,660	33,996	15,699	4,192
Carrying amount at the end of the year/period	2,497,505	1,657,437	1,296,666	1,215,995

Certain of the Group’s completed properties held for sale with aggregate carrying amounts of approximately RMB162,835,000, RMB57,074,000, RMB60,105,000 and RMB50,000,000 as at 31 December 2017 2018 and 2019 and 31 May 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 32).

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The movements in provision for impairment of completed properties held for sale are as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period . . .	(196,376)	(95,227)	(74,478)	(58,779)
Impairment losses transferred to properties under development (note 22)	(27,511)	(13,247)	—	—
Impairment losses written off (note 6)	128,660	33,996	15,699	4,192
At the end of the year/period	<u>(95,227)</u>	<u>(74,478)</u>	<u>(58,779)</u>	<u>(54,587)</u>

The value of completed properties held for sale is assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

24. TRADE RECEIVABLES

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	<u>5,154</u>	<u>113,040</u>	<u>60,788</u>	<u>56,838</u>

Trade receivables mainly represent the receivables from the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Property buyers are generally granted credit terms of 1 month to 1 year. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Less than 1 year	5,154	113,040	60,788	56,838
Over 1 year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>5,154</u>	<u>113,040</u>	<u>60,788</u>	<u>56,838</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

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The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, no provision has been made for a loss allowance.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Prepayments for construction cost	33,490	56,947	118,526	165,621
Prepayments for acquisition of land use rights	—	—	50,105	1,152,640
Deposits for land auction	370,430	40,400	40,000	—
Other deposits	144,248	212,445	318,992	304,416
Other tax recoverable	148,192	517,611	967,474	1,122,215
Advance to staff	872	2,101	1,443	3,798
Due from non-controlling shareholders of the subsidiaries	93,610	378,881	439,916	520,919
Due from third parties	60,000	—	27,129	2,297
Other prepayments	5,433	18,197	16,637	29,735
Interest receivables	—	13,572	—	—
Other receivables	15,691	32,334	32,307	25,443
Impairment	(71,609)	(77,106)	(77,427)	(77,810)
	<u>800,357</u>	<u>1,195,382</u>	<u>1,935,102</u>	<u>3,249,274</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and third parties were regarded as the grade of performing. The expected loss rate of these receivables is assessed to be 0.1%. The information about the credit exposure is disclosed in note 44 to the Historical Financial Information.

26. OTHER CURRENT ASSETS

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Deferred commission for agents	<u>10,173</u>	<u>9,884</u>	<u>110,551</u>	<u>192,711</u>

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27. OTHER NON-CURRENT ASSETS

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Deposits for property developments . . .	1,000	58,956	79,557	93,775
Prepayment for equity investments	400,300	405,300	50,000	344,164
Total	401,300	464,256	129,557	437,939

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Cash and bank balances	996,099	1,463,335	3,177,557	5,582,865
Less: Restricted cash	210,686	519,822	1,637,442	2,039,356
Pledged deposits	91,954	153,712	158,473	132,122
Cash and cash equivalents	693,459	789,801	1,381,642	3,411,387

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The restricted cash can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such restricted cash will be released after the completion of construction of the related properties. As at 31 December 2017, 2018 and 2019 and 31 May 2020, such restricted cash amounted to RMB138,122,000, RMB483,788,000, RMB998,703,000 and RMB1,801,116,000, respectively. As at 31 December 2017, 2018 and 2019 and 31 May 2020, the restricted cash also included construction loan mortgage amounting to RMB72,564,000, RMB36,034,000, RMB638,739,000 and RMB238,240,000, respectively.

Bank deposits of RMB91,954,000, RMB153,712,000, RMB158,473,000 and RMB132,122,000 were pledged as security for purchasers’ mortgage loans, construction of projects, or pledged to banks as collateral for the issuance of bank acceptance notes as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively.

At 31 December 2017, 2018 and 2019 and 31 May 2020, all the cash and bank balances of the Group were denominated in RMB. 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.

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29. 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:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Less than 1 year	1,835,484	2,275,637	3,752,977	4,290,034
Over 1 year	166,298	128,921	305,395	296,464
	<u>2,001,782</u>	<u>2,404,558</u>	<u>4,058,372</u>	<u>4,586,498</u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

30. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Deposits related to construction	194,519	204,580	275,314	355,904
Advance from non-controlling shareholders of subsidiaries	329,900	646,704	948,292	921,527
Maintenance fund	62,686	44,629	45,157	41,310
Advance from third parties	9,067	21,142	21,217	1,218
Payroll and welfare payable	49,582	87,397	90,955	44,831
Tax and surcharges	21,128	21,158	30,907	19,592
Deposits related to the sale of properties	48,609	21,033	38,677	28,573
Distribution payable	2,595	—	—	—
Interest payable	6,493	29,384	33,739	114,207
Share consideration payable	328,760	101,315	269,740	971,558
Accrued liabilities	2,805	22,805	49,922	29,650
Payable related to land acquisition	—	—	805,845	805,845
Others	45,490	52,179	55,735	33,015
	<u>1,101,634</u>	<u>1,252,326</u>	<u>2,665,500</u>	<u>3,367,230</u>

Other payables and amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing 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.

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31. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Contract liabilities	<u>4,268,378</u>	<u>9,522,307</u>	<u>15,398,334</u>	<u>18,585,313</u>

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from the sale of properties.

(a) Revenue recognised in relation to contract liabilities

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in the contract liability balance at the beginning of the year/period	<u>3,097,924</u>	<u>2,530,513</u>	<u>4,657,052</u>	<u>2,038,946</u>

(b) Unsatisfied contracts related to the sale of properties

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Within one year	2,810,093	5,879,435	11,191,991	14,119,334
After one year	<u>2,725,407</u>	<u>5,974,938</u>	<u>8,352,189</u>	<u>8,822,261</u>
Total	<u>5,535,500</u>	<u>11,854,373</u>	<u>19,544,180</u>	<u>22,941,595</u>

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32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	31 December 2017				31 December 2018			31 December 2019			31 May 2020		
		Effective interest rate			RMB'000	Effective interest rate		RMB'000	Effective interest rate		RMB'000	Effective interest rate		RMB'000
		(%)	Maturity	(%)		Maturity	(%)		Maturity	(%)		Maturity		
Current														
Bank loans-secured	(i)	5.45	2018	500	5.45	2019	500			—			—	
Bank loans-unsecured.	(ii)	8.64	2018	4,900	8.64	2019	4,900			—			—	
Other loans — secured	(iii)	10.33	2018	88,000	11.38–12.50	2019	507,300	9.18–13.53	2020	1,484,800	12.74–13.00	2021	1,446,000	
Other loans — unsecured . . .	(iv)	—	2018	—	12	2019	400,000	—	—					
Current portion of long term bank loans — secured . .	(v)	5.32	2018	250,059	5.32–5.49	2019	1,307,251	5.31–14.06	2020	3,158,230	5.32–10.40	2021	2,628,357	
Current portion of long term other loans — secured . .	(vi)	5.23–10.74	2018	333,450	6.33–13.21	2019	961,248	6.87–14.06	2020	1,120,129	8.43–14.26	2021	1,009,744	
				676,909			3,181,199			5,763,159			5,084,101	
Non-current														
Bank loans — secured		5.32–6.01	2019	2,639,338	5.23–11.80	2020–2023	3,159,842	5.29–14.06	2020–2023	2,608,097	5.20–10.40	2021–2035	6,302,116	
Other loans — secured		6.46	2019–2020	269,646	5.23–14.37	2020–2023	1,512,787	6.12–14.06	2020–2022	3,209,311	8.35–13.86	2022	3,790,043	
Other loans — unsecured . . .		—	—	—	—	—	—	8.63–11.48	2022	174,612	—	—	—	
				2,908,984			4,672,629			5,992,020			10,092,159	
				3,585,893			7,853,828			11,755,179			15,176,260	

Bank and other borrowings

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Repayable within one year	676,909	3,181,199	5,763,159	5,084,101
Repayable in the second year	497,141	3,855,212	4,132,477	2,792,456
Repayable within two to five years	2,411,843	817,417	1,859,543	4,874,873
Repayable over five years	—	—	—	2,424,830
Subtotal	<u>3,585,893</u>	<u>7,853,828</u>	<u>11,755,179</u>	<u>15,176,260</u>

The Group’s borrowings are all denominated in RMB.

The Group’s borrowings of up to RMB706,984,000, RMB2,869,475,000, RMB2,493,411,000 and RMB5,720,528,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively, were borrowings with floating interest rates.

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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:

	Notes	31 December			31 May
		2017	2018	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000
Property, plant and equipment	14	—	—	—	104,090
Land use right	16	—	—	—	19,429
Investment properties	17	414,234	721,283	274,377	1,432,533
Properties under development	22	1,004,757	7,419,492	10,272,573	10,312,008
Completed properties held for sale.	23	162,835	57,074	60,105	50,000

The pledged bank loans were secured by property, plant and equipment (Note 14), land use right (Note 16), investment properties (Note 17), properties under development (Note 22), properties completed held for sale (Note 23), respectively.

Certain of the Group’s bank and other borrowings with aggregate amounts of RMB2,268,669,000, RMB4,674,253,000, RMB5,423,337,000 and RMB6,932,053,000 were secured by share charges in respect of the equity interests of certain subsidiaries of the Group as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively.

The Then Parent Company has guaranteed certain of the Group’s bank loans of up to RMB570,000,000 as at 31 December 2018 and 2019, and certain of the Group’s bank loans of up to RMB1,020,000,000 as at 31 May 2020.

As represented by the directors of the Company, the guarantees provided by The Then Parent Company as at 31 May 2020 will be released on or before [REDACTED].

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33. FINANCIAL GUARANTEE CONTRACTS

At the end of each of the Relevant Periods, financial guarantee contracts provided for in the consolidated financial statements were as follows:

	Note	31 December			31 May
		2017	2018	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000
Guarantee liabilities for loans and borrowings of related parties and third parties	(1)	—	7,998	1,176	197
Less: Current		—	7,487	1,176	197
Non-current		—	511	—	—

(1) The guarantee made in favour of related parties and third parties by the Group was in aggregate amounts of RMB330,000,000, RMB809,000,000, RMB1,765,900,000 and RMB1,662,800,000 as at 31 December 2017, 2018 and 2019 and 31 May 2020, respectively.

As represented by the directors of the Company, the guarantees provided to a third party as at 31 May 2020 will be released on or before [REDACTED].

In relation to the guarantees provided to related parties as at 31 May 2020, it represented the guarantees made to the joint ventures of the Group arose from the ordinary course of business. As represented by the directors of the Company, such guarantees will be released upon completion of the respective projects.

34. SHARE CAPITAL

On 15 July 2019, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorised share capital of our Company was HKD380,000 divided into 38,000,000 Shares of HKD0.01 each. Upon its incorporation, one Share was issued and allotted to the initial subscriber, an Independent Third Party, and such Share was transferred to Yue Lai Investment Limited on the same date. On 25 September 2019, an additional 9,999 shares were issued and allotted to several shareholders.

On 31 December 2019, the Company further issued and allotted 49,400 shares to related shareholders of HKD0.01 each, and 600 shares in exchange for shares of Du Neng Investment Limited with the consideration of RMB35,511,000.

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35. RESERVES

The amounts of the Group’s reserves and the movements therein for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020 are presented in the consolidated statements of changes in equity.

(a) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Reorganisation.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, 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.

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36. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities:

	Interest-bearing bank and other borrowings RMB’000	Due to related companies RMB’000	Principal portion of lease payments RMB’000	Total liabilities from financing activities RMB’000
At 1 January 2017	1,140,700	1,338,554	4,198	2,483,452
Cash flows from/(used in) financing activities	2,441,300	(1,053,967)	(4,769)	1,382,564
Cash flows from non-financing activities	—	23,136	412	23,548
New lease	—	—	13,829	13,829
Non-cash changes — Accrual of interest	3,893	—	—	3,893
At 31 December 2017	3,585,893	307,723	13,670	3,907,286
Cash flows from/(used in) financing activities	4,301,800	44,543	(6,980)	4,339,363
Cash flows from non-financing activities	—	60,266	589	60,855
New lease	—	—	1,825	1,825
Non-cash changes — Accrual of interest	(33,865)	—	—	(33,865)
At 31 December 2018	7,853,828	412,532	9,104	8,275,464
Cash flows from/(used in) financing activities	3,928,877	186,583	(5,603)	4,109,857
Cash flows from non-financing activities	—	128,148	593	128,741
New lease	—	—	10,195	10,195
Non-cash changes — Accrual of interest	(27,526)	—	—	(27,526)
At 31 December 2019	11,755,179	727,263	14,289	12,496,731
Cash flows from/(used in) financing activities	3,399,690	(452,939)	(2,178)	2,944,573
Cash flows from/(used in) non-financing activities	—	345,065	277	345,342
Non-cash changes — Accrual of interest	21,391	—	—	21,391
At 31 May 2020	15,176,260	619,389	12,388	15,808,037

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37. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

The Group acquired equity interests in six, one, four and one companies that do not constitute as a business for the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020, respectively. The Group completed these acquisitions for the purpose of obtaining the land use rights possessed by these target companies for its property development business.

A summary of the acquisitions of subsidiaries that are not a business during the Relevant Periods is as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Property, plant and equipment	117	—	435	2,159
Properties under development	1,736,977	162,788	1,152,316	893,592
Prepayments, deposits and other receivables	76,818	221	463,122	2,430
Investment properties	—	—	—	34,200
Completed properties held for sale	—	—	—	5,442
Cash and cash equivalents	1,672	1	124	5,389
Trade and bills payables	(4,295)	—	—	—
Other payables, deposits received and accruals	(551,597)	(72,088)	(772,447)	(39,206)
Interest-bearing bank and other borrowings	(14,245)	—	—	—
Deferred tax liabilities	—	—	—	(10,557)
Non-controlling interests	(248,362)	(52,147)	—	—
Net assets acquired	<u>997,085</u>	<u>38,775</u>	<u>843,550</u>	<u>893,449</u>
Satisfied by:				
Cash	687,325	38,775	673,207	170,131
Cash consideration payable	309,760	—	170,343	723,318
Analysis of cash flows on acquisition:				
Cash and bank balances acquired . . .	<u>1,672</u>	<u>1</u>	<u>124</u>	<u>5,389</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(685,653)</u>	<u>(38,774)</u>	<u>(267,783)</u>	<u>(164,742)</u>

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38. FINANCIAL GUARANTEES

At the end of each of the Relevant Periods, the financial guarantees not provided for in the consolidated financial statements were as follows:

			31 December		31 May
		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)	2,992,713	5,443,194	8,882,032	10,459,321
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties		330,000	809,000	1,765,900	1,662,800
		<u>3,322,713</u>	<u>6,252,194</u>	<u>10,647,932</u>	<u>12,122,121</u>

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group’s completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will 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 one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group’s completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

As represented by the directors of the Company, the guarantees provided to a third party as at 31 May 2020 will be released on or before [REDACTED].

In relation to the guarantees provided to related parties as at 31 May 2020, it represented the guarantees made to the joint ventures of the Group as at 31 May 2020 arose from the ordinary course of business. As represented by the directors of the Company, such guarantees will be released upon completion of the respective projects.

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39. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties (note 17) 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. Revenue from commercial property operations recognised by the Group during the years ended 31 December 2017, 2018 and 2019 and the five months ended 31 May 2020 amounted to RMB28,519,000, RMB51,417,000, RMB70,876,000 and RMB29,157,000, 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 receivables by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Within one year	37,839	91,508	154,720	138,995
In the second to fifth years, inclusive . .	146,956	274,461	523,196	425,763
After five years.	94,330	147,878	308,671	286,998
	<u>279,125</u>	<u>513,847</u>	<u>986,587</u>	<u>851,756</u>

40. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Contracted, but not provided for:				
Property development activities	2,129,378	12,088,299	12,227,258	12,871,148
Acquisition of land use rights	1,682,660	192,600	77,947	2,180,896
Property, plant and equipment.	48,198	59,991	—	—
Investment properties	597,292	—	—	—
Capital contributions for the				
acquisition of subsidiaries	678,000	678,800	1,016,570	764,623
Capital contributions to subsidiaries.	240,550	910,750	927,750	1,233,250
Capital contributions to				
joint ventures	40,860	64,360	44,600	35,000
	<u>5,416,938</u>	<u>13,994,800</u>	<u>14,294,125</u>	<u>17,084,917</u>

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41. RELATED PARTY TRANSACTIONS

(1) Name and relationship

劉玉輝 (Mr. Liu Yuhui)	Director of the Company
融量集團有限公司 (Rong Liang Group Co., Ltd)	The Then Parent Company
四川省瑞與祥房地產開發有限公司 (Sichuan Ruiyuxiang Real Estate Development Co., Ltd.)	Joint venture
徐州輝創房地產開發有限公司 (Xuzhou Huichuang Real Estate Development Co., Ltd.)	Joint venture
徐州唯創房地產開發有限公司 (Xuzhou Weichuang Real Estate Development Co., Ltd.)	Joint venture
張家口原綠房地產開發有限公司 (Zhangjiakou Yuanlv Real Estate Development Co., Ltd.)	Joint venture
徐州方錦置業有限公司 (Xuzhou Fangjin Real Estate Development Co., Ltd.)	Joint venture
雅安城投領地房地產開發有限公司 (Ya'an Chengtou Leading Real Estate Development Co., Ltd.)	Joint venture
北京清大怡豪投資有限公司 (Beijing Qingda Yihao Investment Co., Ltd.)	Joint venture
四川利保清大投資有限公司 (Sichuan Libao Qingda Investment Co., Ltd.)	Joint venture
深圳豐盛實力鋼管有限公司 (Shenzhen Fengsheng Shili Steel Tube Co., Ltd.)	Joint venture
眉山市東坡區金蘋果領地花嶼幼稚園 (Meishan Dongpo Jin Ping Guo Leading Hua Yu Kindergarten)	Joint venture
樂山恒邦置業發展有限公司 (Leshan Hengbang Real Estate Development Co., Ltd.)	Joint venture
成都潤德英赫置業有限公司 (Chengdu Runde Yinghe Real Estate Co., Ltd.)	Joint venture
成都京領英赫置業有限公司 (Chengdu Jingling Yinghe Real Estate Co., Ltd.)	Joint venture
瀛凱眾成文化投資有限公司 (Yingkai Zhongcheng Culture Investment Co., Ltd.)	Joint venture
成都金凱盛瑞房地產開發有限公司 (Chengdu Jin Kaishengrui Real Estate Development Co., Ltd.)	Associate
量源資產管理有限公司 (Liangyuan Asset Management Co., Ltd)	Company controlled by the director of the Company
四川領匯企業管理有限公司 (Sichuan Linghui Enterprise Management Co., Ltd.)	Company controlled by the Then Parent Company
領悅物業服務集團有限公司 (Lingyue Property Service Group Co., Ltd.)	Company controlled by the Then Parent Company
烏魯木齊領匯都能物業服務有限公司 (Urumqi Linghui Duneng Property Service Co., Ltd.)	Company controlled by the Then Parent Company

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吉林省君逸物業服務有限公司 (Jilin Junyi Property Service Co., Ltd.)	Company controlled by the Then Parent Company
成都寶瑞商業管理有限公司 (Chengdu Baorui Business Management Co., Ltd.)	Company controlled by the Then Parent Company
西昌寶瑞商業管理有限公司 (Xichang Baorui Business Management Co., Ltd.)	Company controlled by the Then Parent Company
巴州寶瑞企業管理有限公司 (Bazhou Baorui Enterprise Management Co., Ltd.)	Company controlled by the Then Parent Company
長春寶瑞企業管理有限公司 (Changchun Baorui Enterprise Management Co., Ltd.)	Company controlled by the Then Parent Company
眉山領慈醫院有限公司 (Meishan Lingci Hospital Co., Ltd.)	Company controlled by the Then Parent Company
四川領慈健康產業有限公司 (Sichuan Lingci Health Industry Co., Ltd.)	Company controlled by the Then Parent Company
北京世紀融邦投資管理有限公司 (Beijing Shiji Rongbang Investment Management Co., Ltd.)	Company controlled by certain directors and/or their close family members
四川量源投資有限公司 (Sichuan Liangyuan Investment Co., Ltd.)	Company controlled by the director of the Company
成都青羊至誠和愛門診部有限公司 (Chengdu Qingyang Zhichengheai Outpatient Department Co., Ltd.)	Company controlled by a shareholder
廣東融量財富資產管理有限公司 (Guangdong Rong Liang Wealth Asset Management Co., Ltd.)	Company controlled by certain directors and/or their close family members
眉山市華典建築裝飾工程有限公司 (Meishan Huadian Architectural Decoration Engineering Co., Ltd.)	Company controlled by certain directors and/or their close family members
巴州宏典建築裝飾工程有限公司 (Bazhou Hongdian Architectural Decoration Engineering Co., Ltd.)	Company controlled by certain directors and/or their close family members
眉山市明典門窗有限公司 (Meishan Mingdian Doors and Windows Co., Ltd.)	Company controlled by certain directors and/or their close family members
劉玉奇 Mr. Liu Yuqi	Close family member of shareholders
劉山 Mr. Liu Shan	Close family member of shareholders
王濤 Ms. Wang Tao	Shareholders
侯三利 Ms. Hou Sanli	Shareholders
龍一勤 Ms. Long Yiqin	Shareholders

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(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December			Five months ended 31 May	
	2017 RMB’000	2018 RMB’000	2019 RMB’000	2019 RMB’000	2020 RMB’000
Advances from related companies:					
Joint ventures.	200,505	206,068	671,168	2,806	391,840
Associate.	—	—	369	—	—
The Then Parent Company	2,374,961	2,538,549	3,061,913	1,840,575	—
Companies controlled by the Then Parent Company	4,835	70,555	106,987	4,296	14,797
Companies controlled by a director of the Company	743,255	379,049	34,449	99,400	—
Companies controlled by certain directors and/or their close family members.	2,884	31,526	7,658	6,265	—
Repayment of advances from related companies:					
Joint ventures.	187,927	141,465	606,483	8,016	33,267
Associate.	—	—	369	—	—
The Then Parent Company	3,480,332	2,515,682	2,752,100	670,448	447,185
Companies controlled by the Then Parent Company	20,868	48,884	165,113	23,865	14,797
Companies controlled by the Shareholders.	—	5,754	—	—	5,754
Companies controlled by a director of the Company	713,381	379,045	99,552	75,850	—
Companies controlled by certain directors and/or their close family members.	2,884	31,526	7,658	—	—
Advances to related companies:					
Joint ventures.	239,823	1,531,930	1,784,866	450,981	1,319,358
Associate.	—	43	—	97,631	—
The Then Parent Company	—	644,254	1,254,998	—	1,438,870
Companies controlled by the Then Parent Company	3,130	1,851	—	25,764	—
Repayment of advances to related companies:					
Joint ventures.	—	1,177,979	1,664,109	715,662	390,027
Associate.	—	43	—	1,592	—
The Then Parent Company	—	611,286	1,248,221	—	1,283,287
Companies controlled by the Then Parent Company	3,563	10	1,631	449	—

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	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Rental income from companies controlled by the Then Parent Company	—	422	2,943	1,164	1,300
Property sales from companies controlled by the Then Parent Company	—	—	47,379	—	1,977
Property management fee to companies controlled by the Then Parent Company	34,792	54,707	70,131	17,612	36,863
Management consulting service income from joint ventures and associates	—	—	9,336	—	3,307
Project management fee to companies controlled by the Then Parent Company	6,939	24,170	33,975	15,056	13,423
Raw materials purchased from companies controlled by certain directors and/or their close family members.	4,041	3,105	41,996	4,452	23,226
Interest income from joint ventures and associates	—	9,230	3,852	2,255	1,056
Guarantees provided by related companies for bank and other borrowings:					
Mr. Liu Yuqi	—	250,000	—	—	—
Mr. Liu Yuqi, Mr. Liu Yuhui and Mr. Liu Shan jointly	2,000,000	4,062,222	4,717,500	5,244,444	4,747,500
Mr. Liu Shan and Rong Liang Group Co., Ltd. jointly	—	570,000	570,000	570,000	1,020,000
Mr. Liu Yuqi and Ms. Hou Sanli jointly	1,934,000	1,810,000	1,546,000	1,376,000	300,000
Mr. Liu Yuqi and Mr. Liu Yuhui Mr. Liu Shan and Ms. Hou Sanli jointly	—	670,000	450,000	450,000	—
Mr. Liu Yuqi, Mr. Liu Yuhui Mr. Liu Shan, Ms. Hou Sanli, Ms. Wang Tao and Ms. Long Yiqin jointly	850,000	1,820,000	1,295,000	1,465,000	2,970,000

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

As represented by the directors of the Company, the guarantees provided by related parties as at 31 May 2020 will be released on or before [REDACTED].

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(3) Other transactions with related parties

- (i) The Then Parent Company has guaranteed certain of the Group’s bank loans of up to RMB570,000,000 as at 31 December 2018 and 2019, and certain of the Group’s bank loans of up to RMB1,020,000,000 as at 31 May 2020.
- (ii) The Group guaranteed certain bank and other borrowings of Sichuan Ruiyuxiang Real Estate up to RMB70,000,000 as at 31 December 2017. The above-mentioned loans were also guaranteed by Sichuan Ruiyuxiang Real Estate.
- (iii) The Group guaranteed certain bank and other borrowings of Ya’an Chengtou Leading Real Estate up to RMB60,000,000 and RMB35,000,000 as at 31 December 2017 and 2018, respectively. The above-mentioned loans were also guaranteed by Ya’an Chengtou Leading Real Estate.
- (iv) The Group guaranteed certain bank and other borrowings of Xuzhou Huichuang Leading Real Estate up to RMB220,000,000 and RMB70,000,000 as at 31 December 2019 and 31 May 2020, respectively.
- (v) The Group guaranteed certain bank and other borrowings of Xuzhou Weichuang Leading Real Estate up to RMB50,000,000 as at 31 December 2019.
- (vi) The Group guaranteed certain bank and other borrowings of Xichang Shengbi Real Estate up to RMB418,000,000 as at 31 December 2019 and 31 May 2020. The above-mentioned loans were also guaranteed by Xichang Shengbi Real Estate.
- (vii) The Group guaranteed certain bank and other borrowings of Leshan Bisheng Real Estate up to RMB290,000,000 as at 31 December 2019 and 31 May 2020. The above-mentioned loans were also guaranteed by Leshan Bisheng Real Estate.
- (viii) The Group guaranteed certain bank and other borrowings of Jiangyou Bizhi Real Estate up to RMB80,000,000 as at 31 December 2019 and 31 May 2020. The above-mentioned loans were also guaranteed by Jiangyou Bizhi Real Estate.
- (ix) The Group guaranteed certain bank and other borrowings of Zhangjiakou Yuanlv Real Estate up to RMB267,400,000 and RMB90,800,000 as at 31 December 2019 and 31 May 2020, respectively. The above-mentioned loans were also guaranteed by Zhangjiakou Yuanlv Real Estate.
- (x) The Group guaranteed certain bank and other borrowings of Chengdu Runde Yinghe Real Estate up to RMB600,000,000 as at 31 May 2020. The above-mentioned loans were also guaranteed by Chengdu Runde Yinghe Real Estate.
- (xi) The Group disposed of a subsidiary, Lingyue Property Service Group Co., Ltd., to its Then Parent Company at a consideration of RMB5,699,000 on 14 June 2019. Further details of the transaction are included in note 11 to the Historical Financial Information.
- (xii) The Group disposed of a subsidiary, Jilin Junyi Property Service Co., Ltd., to a company controlled by the Then Parent Company at a consideration of RMB434,000 on 2 July 2019. Further details of the transaction are included in note 11 to the Historical Financial Information.

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(4) Outstanding balances with related parties

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Balances relating to non-operating activities				
Due from related parties:				
Due from shareholders	—	—	1	1
Due from joint ventures	247,894	601,844	722,617	1,651,950
Due from the Then Parent Company . .	—	—	—	155,582
Due from companies controlled by the Then Parent Company	—	1,577	—	—
	<u>247,894</u>	<u>603,421</u>	<u>722,618</u>	<u>1,807,533</u>
Due to related parties:				
Due to the Then Parent Company	150,003	139,812	442,939	—
Due to joint ventures	22,623	87,225	151,905	510,485
Due to companies controlled by the Then Parent Company	32,930	54,639	—	—
Due to companies controlled by the director of the Company	75,100	75,104	10,000	—
	<u>280,656</u>	<u>356,780</u>	<u>604,844</u>	<u>510,485</u>
Balances relating to operating activities				
Due from related parties:				
Due from joint ventures	—	—	4,630	5,785
Due from associates	—	—	1,641	—
Due from companies controlled by the Then Parent Company	—	—	1,382	1,254
	<u>—</u>	<u>—</u>	<u>7,653</u>	<u>7,039</u>
Due to related parties:				
Due to companies controlled by the Then Parent Company	26,044	54,721	105,713	96,911
Due to companies controlled by certain directors and /or their close family members.	1,023	1,031	16,706	11,993
	<u>27,067</u>	<u>55,752</u>	<u>122,419</u>	<u>108,904</u>

Balances with the above related parties except for the balances with two joint ventures and one associate were unsecured, non-interest-bearing and repayable on demand.

As represented by the directors of the Company, the non-trade amounts due from/to related parties except for the balances with joint ventures as at 31 May 2020 will be settled on or before [REDACTED].

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(5) Loans to directors

<u>Name</u>	<u>At 31 May 2020 RMB’000</u>	<u>Maximum amount outstanding during the year RMB’000</u>	<u>At 31 December 2019 and 1 January 2020 RMB’000</u>	<u>Security held RMB’000</u>

Liangyuan Asset Management Co., Ltd (controlled by Mr. Liu Yu Hui)	<u>—</u>		<u>—</u>	None

<u>Name</u>	<u>At 31 December 2019 RMB’000</u>	<u>Maximum amount outstanding during the year RMB’000</u>	<u>At 31 December 2018 and 1 January 2019 RMB’000</u>	<u>Security held RMB’000</u>

Liangyuan Asset Management Co., Ltd (controlled by Mr. Liu Yuhui)	<u>—</u>	194,281	<u>—</u>	None

<u>Name</u>	<u>At 31 December 2018 RMB’000</u>	<u>Maximum amount outstanding during the year RMB’000</u>	<u>At 31 December 2017 and 1 January 2018 RMB’000</u>	<u>Security held RMB’000</u>

Sichuan Liangyuan Investment Co., Ltd (controlled by Mr. Liu Yuhui)	<u>—</u>	10	<u>—</u>	None

Liangyuan Asset Management Co., Ltd (controlled by Mr. Liu Yuhui)	<u>—</u>	1,674	<u>—</u>	None

<u>Name</u>	<u>At 31 December 2017 RMB’000</u>	<u>Maximum amount outstanding during the year RMB’000</u>	<u>At 31 December 2016 and 1 January 2017 RMB’000</u>	<u>Security held RMB’000</u>

Liangyuan Asset Management Co., Ltd (controlled by Mr. Liu Yuhui)	<u>—</u>	61	<u>—</u>	None

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(6) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2017	2018	2019	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Short-term employee benefits	5,587	5,510	7,883	2,249	5,249
Pension scheme contributions	490	553	623	259	171
Total compensation paid to key management personnel	6,077	6,063	8,506	2,508	5,420

Further details of directors’ emoluments are included in note 8 to the Historical Financial Information.

42. FINANCIAL INSTRUMENTS BY CATEGORY

31 May 2020

Financial assets

	Financial assets at amortised cost	Financial assets at FVPL	Total
	RMB’000	RMB’000	RMB’000
Financial assets included in prepayments, deposits and other receivables	548,659	—	548,659
Other non-current assets	437,939	—	437,939
Trade receivables	56,838	—	56,838
Due from related companies	1,814,572	—	1,814,572
Restricted cash	2,039,356	—	2,039,356
Financial assets at fair value through profit or loss	—	11,560	11,560
Pledged deposits	132,122	—	132,122
Cash and cash equivalents	3,411,387	—	3,411,387
	8,440,873	11,560	8,452,433

Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade and bills payables	4,586,498
Financial liabilities included in other payables, deposits received and accruals	1,078,262
Interest-bearing bank and other borrowings	15,176,260
Lease liabilities	12,388
Due to related companies	619,389
	21,472,797

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Financial assets

	Financial assets at amortised cost RMB’000	Financial assets at FVPL RMB’000	Total RMB’000
Financial assets included in prepayments, deposits and other receivables	499,352	—	499,352
Other non-current assets	129,557	—	129,557
Trade receivables	60,788	—	60,788
Due from related companies	730,271	—	730,271
Restricted cash	1,637,442	—	1,637,442
Financial assets at fair value through profit or loss	—	2,000	2,000
Pledged deposits	158,473	—	158,473
Cash and cash equivalents	1,381,642	—	1,381,642
	<u>4,597,525</u>	<u>2,000</u>	<u>4,599,525</u>

Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	4,058,372
Financial liabilities included in other payables, deposits received and accruals	1,048,405
Interest-bearing bank and other borrowings	11,755,179
Lease liabilities	14,289
Due to related companies	727,263
	<u>17,603,508</u>

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Financial assets

	Financial assets at amortised cost RMB’000	Financial assets at FVPL RMB’000	Total RMB’000
Financial assets included in prepayments, deposits and other receivables	411,215	—	411,215
Other non-current assets	464,256	—	464,256
Trade receivables	113,040	—	113,040
Due from related companies	603,421	—	603,421
Restricted cash	519,822	—	519,822
Financial assets at fair value through profit or loss	—	3,100	3,100
Pledged deposits	153,712	—	153,712
Cash and cash equivalents	789,801	—	789,801
	<u>3,055,267</u>	<u>3,100</u>	<u>3,058,367</u>

Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	2,404,558
Financial liabilities included in other payables, deposits received and accruals	741,859
Interest-bearing bank and other borrowings	7,853,828
Lease liabilities	9,104
Due to related companies	<u>412,532</u>
	<u>11,421,881</u>

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31 December 2017

Financial assets

	Financial assets at amortised cost RMB’000	Financial assets at FVPL RMB’000	Total RMB’000
Financial assets included in prepayments, deposits and other receivables	169,301	—	169,301
Other non-current assets	401,300	—	401,300
Trade receivables	5,154	—	5,154
Due from related companies	247,894	—	247,894
Restricted cash	210,686	—	210,686
Pledged deposits	91,954	—	91,954
Cash and cash equivalents	693,459	—	693,459
	<u>1,819,748</u>	<u>—</u>	<u>1,819,748</u>

Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	2,001,782
Financial liabilities included in other payables, deposits received and accruals	408,146
Interest-bearing bank and other borrowings	3,585,893
Lease liabilities	13,670
Due to related companies	<u>307,723</u>
	<u>6,317,214</u>

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43. 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 RMB’000	31 December 2018 RMB’000	31 December 2019 RMB’000	31 May 2020 RMB’000	31 December 2017 RMB’000	31 December 2018 RMB’000	31 December 2019 RMB’000	31 May 2020 RMB’000
Financial liabilities								
Interest-bearing bank and other borrowings (note 32)	<u>3,585,893</u>	<u>7,853,828</u>	<u>11,755,179</u>	<u>15,176,260</u>	<u>3,367,515</u>	<u>8,233,287</u>	<u>11,591,660</u>	<u>14,240,441</u>
Provision for financial guarantee contracts (note 33)	<u>—</u>	<u>7,998</u>	<u>1,176</u>	<u>197</u>	<u>—</u>	<u>6,958</u>	<u>1,276</u>	<u>213</u>

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, amounts due from shareholders, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the financial assets at fair value through profit or loss, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group’s corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team 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 chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

The Group invests wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks and classified it into Level 2 financial instrument.

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.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and 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, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group’s operations.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group’s exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group’s exposure to risk for changes in market interest rates relates primarily to the Group’s interest-bearing bank and other borrowings set out in note 32. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB7,070,000, RMB28,684,000, RMB24,934,000 and RMB57,205,000 for the years ended 31 December 2017, 2018 and 2019 and 31 May 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 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 from one to twelve months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

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The Group applies the 12 months expected losses approach to provide for expected credit losses prescribed by IFRS 9, and the Group accounts for its credit risk by appropriately providing for the expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for other receivables and adjusts for forward looking macroeconomic data. The Group applies lifetime expected losses approach to financial assets that are credit-impaired at the reporting date, but that are not purchased or originated credit-impaired. The expected loss rate of these receivables is assessed to be 100%.

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 as at 31 December 2017, 2018 and 2019 and 31 May 2020. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

31 May 2020

	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 receivables*	—	—	—	56,838	56,838
Financial assets included in prepayments and other receivables					
— Normal**	548,659	—	—	—	548,659
— Doubtful**	—	—	76,382	—	76,382
Due from related companies					
— Normal**	1,814,572	—	—	—	1,814,572
Restricted cash					
— Not yet past due.	2,039,356	—	—	—	2,039,356
Pledged deposits					
— Not yet past due.	132,122	—	—	—	132,122
Cash and cash equivalents					
— Not yet past due.	3,411,387	—	—	—	3,411,387
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties					
— Not yet past due.	1,662,800	—	—	—	1,662,800
	<u>9,608,896</u>	<u>—</u>	<u>76,382</u>	<u>56,838</u>	<u>9,742,116</u>

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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 receivables*	—	—	—	60,788	60,788
Financial assets included in prepayments and other receivables					
— Normal**	499,352	—	—	—	499,352
— Doubtful**	—	—	76,382	—	76,382
Due from related companies					
— Normal**	730,271	—	—	—	730,271
Restricted cash					
— Not yet past due.	1,637,442	—	—	—	1,637,442
Pledged deposits					
— Not yet past due.	158,473	—	—	—	158,473
Cash and cash equivalents					
— Not yet past due.	1,381,642	—	—	—	1,381,642
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties					
— Not yet past due.	1,765,900	—	—	—	1,765,900
	<u>6,173,080</u>	<u>—</u>	<u>76,382</u>	<u>60,788</u>	<u>6,310,250</u>

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	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 receivables*	—	—	—	113,040	113,040
Financial assets included in prepayments and other receivables					
— Normal**	411,215	—	—	—	411,215
— Doubtful**	—	—	76,382	—	76,382
Due from related companies					
— Normal**	603,421	—	—	—	603,421
Restricted cash					
— Not yet past due.	519,822	—	—	—	519,822
Pledged deposits					
— Not yet past due.	153,712	—	—	—	153,712
Cash and cash equivalents					
— Not yet past due.	789,801	—	—	—	789,801
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties					
— Not yet past due.	809,000	—	—	—	809,000
	<u>3,286,971</u>	<u>—</u>	<u>76,382</u>	<u>113,040</u>	<u>3,476,393</u>

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	12-month	Lifetime ECLs			
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	5,154	5,154
Financial assets included in prepayments and other receivables					
— Normal**	169,301	—	—	—	169,301
— Doubtful**	—	—	71,322	—	71,322
Due from related companies					
— Normal**	247,894	—	—	—	247,894
Restricted cash					
— Not yet past due.	210,686	—	—	—	210,686
Pledged deposits					
— Not yet past due.	91,954	—	—	—	91,954
Cash and cash equivalents					
— Not yet past due.	693,459	—	—	—	693,459
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties					
— Not yet past due.	330,000	—	—	—	330,000
	1,743,294	—	71,322	5,154	1,819,770

* For Trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 24 to the Historical Financial Information. There is no significant concentration of credit risk.

** The credit quality of amounts due from related companies and the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

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(c) Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	<u>On demand</u>	<u>Less than</u>	<u>3 to 12</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>RMB’000</u>	<u>3 months</u>	<u>months</u>	<u>RMB’000</u>	<u>RMB’000</u>
		<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
31 May 2020					
Interest-bearing bank and other borrowings	—	865,950	2,733,911	13,585,202	17,225,063
Trade and bills payables	4,586,498	—	—	—	4,586,498
Financial liabilities included in other payables	—	340,066	276,824	461,372	1,078,262
Guarantees given to banks in connection with facilities granted to related parties and third parties	—	155,000	—	1,507,800	1,662,800
Lease liabilities	—	1,254	3,828	8,698	13,780
Due to related companies	—	619,389	—	—	619,389
	<u>4,586,498</u>	<u>1,981,659</u>	<u>3,054,563</u>	<u>15,563,072</u>	<u>25,185,792</u>
	<u>On demand</u>	<u>Less than</u>	<u>3 to 12</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>RMB’000</u>	<u>3 months</u>	<u>months</u>	<u>RMB’000</u>	<u>RMB’000</u>
		<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
31 December 2019					
Interest-bearing bank and other borrowings	—	1,692,342	3,350,097	8,794,548	13,836,987
Trade and bills payables	4,058,372	—	—	—	4,058,372
Financial liabilities included in other payables	—	272,798	290,853	484,754	1,048,405
Guarantees given to banks in connection with facilities granted to related parties and third parties	—	212,500	—	1,553,400	1,765,900
Lease liabilities	—	978	3,534	9,777	14,289
Due to related companies	—	727,263	—	—	727,263
	<u>4,058,372</u>	<u>2,905,881</u>	<u>3,644,484</u>	<u>10,842,479</u>	<u>21,451,216</u>

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	<u>On demand</u>	<u>Less than</u>	<u>3 to 12</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>RMB’000</u>	<u>3 months</u>	<u>months</u>	<u>RMB’000</u>	<u>RMB’000</u>
		<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
31 December 2018					
Interest-bearing bank and other borrowings.	—	617,565	2,520,893	5,528,730	8,667,188
Trade and bills payables	2,404,558	—	—	—	2,404,558
Financial liabilities included in other payables	—	207,582	200,354	333,923	741,859
Financial guarantee contracts					
Guarantees given to banks in connection with facilities					
granted to related parties and third parties	—	—	111,000	698,000	809,000
Lease liabilities.	—	157	3,764	5,183	9,104
Due to related companies	—	412,532	—	—	412,532
	<u>2,404,558</u>	<u>1,237,836</u>	<u>2,836,011</u>	<u>6,565,836</u>	<u>13,044,241</u>
	<u>On demand</u>	<u>Less than</u>	<u>3 to 12</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>RMB’000</u>	<u>3 months</u>	<u>months</u>	<u>RMB’000</u>	<u>RMB’000</u>
		<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
31 December 2017					
Interest-bearing bank and other borrowings.	—	139,404	646,291	3,381,531	4,167,226
Trade and bills payables	2,001,782	—	—	—	2,001,782
Financial liabilities included in other payables	—	136,972	101,690	169,484	408,146
Guarantees given to banks in connection with facilities					
granted to related parties and third parties	—	—	295,000	35,000	330,000
Lease liabilities.	—	2,319	3,702	7,649	13,670
Due to related companies	—	307,723	—	—	307,723
	<u>2,001,782</u>	<u>586,418</u>	<u>1,046,683</u>	<u>3,593,664</u>	<u>7,228,547</u>

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(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, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			31 May
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills payables	2,001,782	2,404,558	4,058,372	4,586,498
Other payables, deposits received and accruals	1,101,634	1,252,326	2,665,500	3,367,230
Interest-bearing bank and other borrowings	3,585,893	7,853,828	11,755,179	15,176,260
Due to related companies	307,723	412,532	727,263	619,389
Lease liabilities	13,670	9,104	14,289	12,388
Less: Cash and cash equivalents	693,459	789,801	1,381,642	3,411,387
Net debt	6,317,243	11,142,547	17,838,961	20,350,378
Equity attributable to owners of the parent	3,775,073	5,231,884	5,227,220	5,411,802
Capital and net debt	10,092,316	16,374,431	23,066,181	25,762,180
Gearing ratio	63%	68%	77%	79%

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45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

31 December 2017

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB’000	RMB’000
Jilin Leading	45	36,604	173,763
Leshan Lingyue	40	(1,514)	112,748
Pixian Shengda	45	(7,751)	31,064
Ya’an Leading	49	(245)	21,599

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading RMB’000	Leshan Lingyue RMB’000	Pixian Shengda RMB’000	Ya’an Leading RMB’000
Revenue	837,935	—	3,226	6,565
Total expenses	(719,347)	(3,784)	(26,181)	(7,066)
Income tax expense	(37,245)	—	5,730	—
Profit/(loss) and total comprehensive income/ (loss) for the year	81,343	(3,784)	(17,225)	(501)
Current assets	608,973	331,190	1,838,268	64,257
Non-current assets	718,192	14	120,583	—
Current liabilities	(916,299)	(49,334)	(1,601,962)	(20,177)
Non-current liabilities	(25,227)	—	(287,858)	—
Net cash flows from/(used in) operating activities . . .	4,870	(831)	22,032	5,330
Net cash flows from/(used in) investing activities . . .	(236)	2,617	15	849
Net cash flows from/(used in) financing activities . . .	37,666	—	—	(3,651)
Net increase in cash and cash equivalents	42,300	1,786	22,047	2,528

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31 December 2018

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB’000	RMB’000
Jilin Leading	45	16,667	140,929
Leshan Lingyue	40	(10,554)	102,194
Pixian Shengda	45	66,716	97,781
Mianyang Sanhe	35	(4,852)	48,330

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading	Leshan Lingyue	Pixian Shengda	Mianyang Sanhe
	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	159,169	—	677,190	—
Total expenses	(98,621)	(36,293)	(407,780)	(26,531)
Income tax expense	(23,511)	9,907	(121,151)	12,667
Profit/(loss) and total comprehensive income/(loss) for the year	37,037	(26,386)	148,259	(13,864)
Current assets	762,144	1,587,537	1,933,419	613,406
Non-current assets	776,606	33,098	152,547	18,291
Current liabilities	(1,088,796)	(1,188,498)	(1,868,675)	(493,612)
Non-current liabilities	(136,177)	(176,654)	—	—
Net cash flows from/(used in) operating activities . . .	187,346	183,673	423,887	(180,329)
Net cash flows from/(used in) investing activities . . .	(234,513)	3,176	(117,420)	201,165
Net cash flows from/(used in) financing activities . . .	479	(177,593)	(287,858)	(3,596)
Net (decrease)/increase in cash and cash equivalents . .	(46,688)	9,256	18,609	17,240

APPENDIX I

ACCOUNTANTS’ REPORT

31 December 2019

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB’000	RMB’000
Jilin Leading	45	122,011	262,941
Pixian Shengda	45	51,003	148,784
Mianyang Sanhe	35	(8,381)	39,949
Sichuan Yuandi	43	61,673	49,763

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading	Pixian Shengda	Mianyang Sanhe	Sichuan Yuandi
	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	904,516	784,932	—	538,269
Total expenses	(544,764)	(583,821)	(31,913)	(302,887)
Income tax credit/(expense)	(88,616)	(87,771)	7,968	(91,957)
Profit/(loss) and total comprehensive income/(loss) for the year	271,136	113,340	(23,945)	143,425
Current assets	159,983	1,371,265	897,746	321,635
Non-current assets	746,830	136,484	26,019	9,910
Current liabilities	(278,772)	(1,177,118)	(809,624)	(215,818)
Non-current liabilities	(43,727)	—	—	—
Net cash flows from/(used in) operating activities . . .	(95,553)	(42,646)	126,194	(54,340)
Net cash flows from/(used in) investing activities . . .	97,022	—	(144,823)	37,316
Net cash flows from/(used in) financing activities . . .	(2,282)	40	2,190	16,976
Net (decrease)/increase in cash and cash equivalents . .	(813)	(42,606)	(16,439)	(48)

APPENDIX I

ACCOUNTANTS’ REPORT

31 May 2020

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the period allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB’000	RMB’000
Jilin Leading	45	(7,154)	255,787
Pixian Shengda	45	57,281	206,065
Mianyang Sanhe	35	(2,312)	37,637
Sichuan Yuandi	43	230	49,992

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading	Pixian Shengda	Mianyang Sanhe	Sichuan Yuandi
	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	2,885	285,938	—	2,789
Total expenses	(24,071)	(135,013)	(8,777)	(2,051)
Income tax (expense)/credit	5,288	(23,633)	2,172	(204)
Profit/(loss) and total comprehensive income/(loss) for the period	(15,898)	127,292	(6,605)	534
Current assets	152,338	1,071,895	938,320	196,700
Non-current assets	728,983	62,549	28,163	9,834
Current liabilities	(273,653)	(676,521)	(858,949)	(90,273)
Non-current liabilities	(39,252)	—	—	—
Net cash flows from/(used in) operating activities . . .	(21,731)	(72,809)	(33,629)	(129,264)
Net cash flows from/(used in) investing activities . . .	15,718	110,838	(4,116)	128,383
Net cash flows from/(used in) financing activities . . .	9,553	(40,198)	37,592	(424)
Net (decrease)/increase in cash and cash equivalents . .	3,540	(2,169)	(153)	(1,305)

46. EVENTS AFTER THE RELEVANT PERIODS

There has been an outbreak of the novel coronavirus that was first reported from Wuhan, China in December 2019. To prevent or control the epidemic, the Chinese government has adopted a series of measures nationwide, including among others, restrictions on enterprises from resuming work, traffic control and travel bans. Up to the date of this report, COVID-19 has not resulted in material impact to the Group. However, given the epidemic is still evolving and dynamic, the extent of the business disruption, including the duration and the related financial impact on subsequent periods cannot be reasonably estimated at this time. The Group will keep continuous attention on the situation of COVID-19, and will assess and react actively to its impact.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 document, 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 document.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets 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 [REDACTED] on our consolidated net tangible assets as of 31 May 2020 as if it had taken place on 31 May 2020.

The unaudited pro forma adjusted consolidated net tangible assets 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 [REDACTED] been completed as of 31 May 2020 or any future date. It is prepared based on our consolidated net tangible assets as of 31 May 2020 as set out in the Accountants’ Report as set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants’ Report as set out in Appendix I to this document.

	Audited Consolidated Net Tangible Assets of our Group as of 31 May 2020	Estimated [REDACTED] from the [REDACTED]	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share	
	RMB’000	RMB’000	RMB’000	RMB	HK\$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on an [REDACTED] of HK\$[REDACTED] per Share	5,395,458	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	5,395,458	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The unaudited consolidated net tangible assets attributable to owners of the Company as of 31 May 2020 is extracted from the Accountants’ Report, which is based on the audited consolidated equity attributable to owners of the Company as of 31 May 2020 of approximately RMB5,411.8 million less intangible assets of approximately RMB16.3 million.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK\$[REDACTED] per Share or HK\$[REDACTED] per Share, after deduction of the [REDACTED] fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED]. The estimated [REDACTED] from the [REDACTED] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8482.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED].
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8482.
- (5) No adjustment has been made to reflect any trading result or other transactions of Group entered into subsequent to 31 May 2020.

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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2020 of the property interests held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road
Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[•] 2020

The Board of Directors
Leading Holdings Group Limited
(領地控股集團有限公司)
46/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the property interests held by Leading Holdings Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 September 2020 (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;

APPENDIX III

PROPERTY VALUATION REPORT

- (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 hotel component of property no. 2 in Group I which is held and occupied by the Group by the Discounted Cash Flow (“**DCF**”) Analysis, which derives the market value by discounting the future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties. We have prepared a 10-year cash flow forecast with reference to the current and anticipated market condition. The discount rate reflects the inherence risk associated with investment in the hotel and is consistent with the projected cash flow.

We have valued the remaining portion of the properties in Group I and the property interests in Group III which are held for investment by the Group by 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 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.

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PROPERTY VALUATION REPORT

We have valued the property interests in Group II which are held for sale by the Group, the property interests in Group V which are held for future development by the Group and the property interests in Group VI which are contracted to be acquired 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/Reports or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities, 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 of future development/redevelopment are not issued while the State-owned Land Use Rights Certificates/Real Estate Title Certificates (Land) have been obtained.

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

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group VI 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 (Land) 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, but based on certain assumptions we have assessed the market value of them for reference purpose only.

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PROPERTY VALUATION REPORT

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 values.

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.

APPENDIX III

PROPERTY VALUATION REPORT

Inspection of the properties was carried out in September 2019, October 2019, August 2020 and November 2020 by about 12 technical staff including Ms. Cyndi Huang, Ms. Jun Yang, Mr. Lucas Lu, Ms. Elaine Huang, Ms. Ran Wang, Mr. Shuo Yang, Ms. Silvia Ma, Mr. Eric Lu, Mr. Samuel Feng, Ms. Diana Yang, Ms. Winnie Pan and Ms. Blair Xiong. They are Chartered Surveyors/China Certified Real Estate Appraisers/China Qualified Land Valuers and have 2 to 14 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 note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the properties under frequent review.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 26 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

APPENDIX III PROPERTY VALUATION REPORT

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held and occupied by the Group in the PRC

Group II: Properties held for sale by the Group in the PRC

Group III: Properties held for investment by the Group in the PRC

Group IV: Properties held under development by the Group in the PRC

Group V: Properties held for future development by the Group in the PRC

Group VI: Properties contracted to be acquired by the Group in the PRC

“—” or N/A: Not Applicable or not available

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
1.	Chengdu Yipin Center located at Yipintianxia Avenue Jinniu District Chengdu City Sichuan Province The PRC (成都一品中心)	—	—	—	—	—	No commercial value	Nil	100.0%	Nil

APPENDIX III

PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
2.	Portions of Chengdu Leading Center Nos. 3 & 5 Xiyu Street Qingyang District Chengdu City Sichuan Province The PRC (成都領地中心)	444,000,000	—	2,636,800,000	—	—	—	3,080,800,000	100.0%	3,080,800,000
3.	Portions of Chengdu International Finance Center No. 750 Jitai Road and No. 151 2nd Tianfu Street Gaoxin District Chengdu City Sichuan Province The PRC (成都環球金融中心)	25,000,000	17,000,000	910,000,000	—	—	—	952,000,000	100.0%	952,000,000
4.	Chengdu Xishan Lantai No. 988 Huaxin Avenue, Baihe Town Longquanyi District Chengdu City Sichuan Province The PRC (成都溪山蘭台)	—	—	—	839,000,000	—	—	839,000,000	100.0%	839,000,000
5.	Chengdu Yue Center No. 521 Gongye Avenue East Section Xindu District Chengdu City Sichuan Province The PRC (成都悅中心)	—	—	—	405,000,000	—	—	405,000,000	100.0%	405,000,000

APPENDIX III

PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total 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
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
6.	Chongqing Leading Guanyun House located at No. N23/03 Zone N Jieshi Group Banan District Chongqing Municipality The PRC (重慶領地 • 觀雲府)	—	—	—	618,000,000	—	—	618,000,000	100.0%	618,000,000
7.	Unsold units of Chengdu Jinxiang Lantai located at 1-1 Jinxi Garden Hengshan Avenue Xipu Town Pidu District Chengdu City Sichuan Province The PRC (成都錦巷蘭台)	—	121,000,000	—	—	—	—	121,000,000	55.0%	66,550,000
8.	Portions of Chengdu Tianfu Lantai (Xinlong) located at Group 2 of Liuhe Village and Groups 2 & 5 & 6 of Yangliu Village Huayuan Town Xinjin County Chengdu City Sichuan Province The PRC (成都天府蘭台 (新隆))	—	66,000,000	—	804,000,000	—	—	870,000,000	95.0%	826,500,000

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date		Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
9.	Chengdu Tianfu Lantai (Jingyang) located at Groups 2 & 3 Yangliu Village Huayuan Town Xinjin County Chengdu City Sichuan Province The PRC (成都天府蘭台(菁陽))	—	—	—	396,000,000	—	—	396,000,000	396,000,000	100.0%	396,000,000
10.	Unsold units of Chengdu Haina Shidai No. 566 Zhili Road Chenghua District Chengdu City Sichuan Province The PRC (成都海納時代)	—	82,000,000	—	—	—	—	82,000,000	82,000,000	100.0%	82,000,000
11.	Chengdu Lantai House No. 1555 Guoning West Road Hongguang Town Pidu District Chengdu City Sichuan Province The PRC (成都蘭台府)	—	—	—	1,198,000,000	—	—	1,198,000,000	1,198,000,000	70.0%	838,600,000
12.	Chengdu Leading Tianyu diagonally opposite to Volkswagen 4S Store and Renshou Avenue Renshou County Chengdu City Sichuan Province The PRC (成都領地天禦)	—	—	—	834,000,000	—	—	834,000,000	834,000,000	100.0%	834,000,000

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date		Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
13.	Meishan Changshoufang located at the northern side of Binjiang Avenue Pengshan District Meishan City Sichuan Province The PRC (眉山長壽坊)	—	—	—	545,000,000	—	—	545,000,000	545,000,000	80.0%	436,000,000
14.	Panzhihua Leading Yangguang Huacheng located at Ganbatang Area Huacheng New District Panzhihua City Sichuan Province The PRC (攀枝花領地陽光花城)	—	—	—	1,759,000,000	—	—	1,759,000,000	1,759,000,000	100.0%	1,759,000,000
15.	Xichang Yueqionghai located at Jianchangshui Town East extension of Aerospace Avenue Xichang City Sichuan Province The PRC (西昌悅堉海)	—	—	—	2,515,000,000	—	—	2,515,000,000	2,515,000,000	95.0%	2,389,250,000
16.	Unsold units of Xichang Leading Lantai House located at the southern side of Haihe Road the northern side of Nanshan Avenue Yaoshan Village Xijiao Town Xichang City Sichuan Province The PRC (西昌領地蘭台府)	—	158,000,000	—	—	—	—	158,000,000	158,000,000	95.0%	150,100,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
17.	Xichang Leading Haiyueli located at Lianhe, Wangjia and Zhanglin Villages Gaojian Town Xichang City Sichuan Province The PRC (西昌領地 • 海月里)	—	—	—	654,000,000	—	—	654,000,000	654,000,000	53.0%	346,620,000
18.	91 car parking spaces of Xichang Lantai House (Qingyun) located at Chensuo Village Gaojian Town Xichang City Sichuan Province The PRC (西昌蘭台府 • 青云)	—	10,000,000	—	—	—	—	10,000,000	10,000,000	95.0%	9,500,000
19.	Unsold units of Xichang Leading Kaixuan International Mansion No. 599 Aerospace Avenue Xichang City Sichuan Province The PRC (西昌領地凱旋國際公館)	—	9,000,000	—	—	—	—	9,000,000	9,000,000	82.5%	7,425,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
20.	Xichang Leading Jinxiu Lantai located at Zhonghang Dong Road West New Town Xichang City Sichuan Province The PRC (西昌領地錦繡蘭台)	—	—	—	614,000,000	153,000,000	—	767,000,000	80.0%	613,600,000
21.	Urumqi Leading Lantai House No. 616 of Zhongere Street Shuimogou District Urumqi City Xinjiang Uygur Autonomous Region The PRC (烏魯木齊領地•蘭台府)	—	—	—	878,000,000	159,000,000	—	1,037,000,000	95.3%	988,261,000
22.	Urumqi Leading Tianyu located at the southern side of Hongguangshan Road Shuimogou District Urumqi City Xinjiang Uygur Autonomous Region The PRC (烏魯木齊領地•天嶼)	—	—	—	857,000,000	—	—	857,000,000	100.0%	857,000,000
23.	Korla Leading Lantai House located at Yanan Road Korla City Xinjiang Uygur Autonomous Region The PRC (庫爾勒領地•蘭台府)	—	—	—	401,000,000	—	—	401,000,000	100.0%	401,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
24.	Portions of Korla Leading Kaixuan Mansion No. 6 Shihuada Road Korla City Xinjiang Uygur Autonomous Region The PRC (庫爾勒領地凱旋公館)	—	29,000,000	—	99,000,000	—	—	128,000,000	—	85.0%	108,800,000
25.	Unsold units of Chengde Lantai House located at Mount Yuanbao Shuangtashan Town Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府)	—	97,000,000	—	—	—	—	97,000,000	—	40.0%	38,800,000
26.	Chengde Lantai House (Yunshang) located at Sicaigou, Mount Dayuanbao, Shuangtashan Town Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府云上)	—	—	—	270,000,000	147,000,000	—	417,000,000	—	51.0%	212,670,000
27.	Chengde Lantai House (Yueshan) located at Mount Yuanbao Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府悅山)	—	—	—	168,000,000	—	—	168,000,000	—	51.0%	85,680,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
28.	Unsold units of Jilin Kaixuan Mansion located at New Town West Street Jingyue Development Zone Changchun City Jilin Province The PRC (吉林凱旋公館)	—	22,000,000 (Refer to note b)	—	—	—	—	22,000,000 (Refer to note b)	55.0%	12,100,000 (Refer to note b)
29.	Xinyang Leading Tianyu located at the north-western side of the intersection of Jingcheng Road and Gongye Dong Road Xinyang City Zhengzhou City Henan Province The PRC (榮陽•領地天賦)	—	—	—	172,000,000	—	—	172,000,000	70.0%	120,400,000
30.	Portions of Jilin International Trade Center located at the eastern side of Caiyu Avenue Jingyue Development Zone Changchun City Jilin Province The PRC (吉林環球貿易中心)	—	—	723,000,000	—	—	—	723,000,000	55.0%	397,650,000
31.	Shangqiu Leading Lantai House located at the intersection of Zhenxing Road and Nanjing Xi Road Suiyang District Shangqiu City Henan Province The PRC (商丘領地蘭台府)	—	—	—	353,000,000	155,000,000	—	508,000,000	51.0%	259,080,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
32.	Zhumadian Royal Lantai Phase I located at the northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台一期)	—	—	—	1,077,000,000	—	—	1,077,000,000	1,077,000,000	70.0%	753,900,000
33.	Zhumadian Royal Lantai Phase II located at the northeast of the intersection of Zhangtai Road and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台二期)	—	—	—	—	159,000,000	—	159,000,000	159,000,000	70.0%	111,300,000
34.	Zhumadian Royal Lantai Phase III located at the southwest of the intersection of Lizhuang Road and Chunliu Road Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台三期)	—	—	—	—	171,000,000	—	171,000,000	171,000,000	70.0%	119,700,000
35.	Zhumadian Royal Lantai Phase IV located at the northeast of the intersection of Tongshan Avenue and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台四期)	—	—	—	—	292,000,000	—	292,000,000	292,000,000	70.0%	204,400,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
36.	Zhumadian Royal Lantai Phase V located at the southeast of the intersection of Lizhuang Road and Chunliu Road the northwest of the intersection of Zhangtai Road and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台五期)	—	—	—	—	358,000,000	—	358,000,000	—	70.0%	250,600,000
37.	Jingzhou Leading Lantai House located at the northwest of the intersection of Chutian Road and Dongqiao Road Jingbei New District Jingzhou City Hubei Province The PRC (荊州領地蘭台府)	—	—	—	985,000,000	—	—	985,000,000	—	100.0%	985,000,000
38.	Jingzhou Leading Fengming Lantai No. 66 Fengming Avenue Jingzhou District Jingzhou City Hubei Province The PRC (荊州領地鳳鳴蘭台)	—	—	—	895,000,000	—	—	895,000,000	—	100.0%	895,000,000
39.	Various retail units of Leshan Amazon Nos. 418 & 424 Longyou Road Shizhong District Leshan City Sichuan Province The PRC (樂山亞馬遜)	—	—	24,100,000	—	—	—	—	24,100,000	100.0%	24,100,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB			RMB
40.	Portions of Leshan Time Square No. 211 middle section of Fenghuang Road Shizhong District Leshan City Sichuan Province The PRC (樂山時代廣場)	—	—	195,600,000	—	—	—	195,600,000	100.0%		195,600,000
41.	A retail unit and 18 car parking spaces of Leshan Amazon No. 412 Longyou Road and several ancillary areas of Leshan Time Square No. 211 middle section of Fenghuang Road Shizhong District Sichuan Province The PRC (樂山亞馬遜及時代廣場部分物業)	—	—	44,100,000	—	—	—	44,100,000	100.0%		44,100,000
42.	Unsold residential and retail units of Leshan Haina Mansion No. 1589 Muyuan Road Muchuan County Leshan City Sichuan Province The PRC (樂山海納公館)	—	112,000,000	—	—	—	—	112,000,000	51.0%		57,120,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
43.	Portions of Leshan Lantai House located at the eastern side of the intersection of Sansu Road and Ruixiang Road Qingjiang New District Shizhong District Leshan City Sichuan Province The PRC (樂山蘭台府)	—	333,000,000	—	575,000,000	—	—	908,000,000	—	60.0%	544,800,000
44.	Unsold units of Leshan Tianyu located at the intersection of Hanlin Road and Fenghuang Road Shizhong District Leshan City Sichuan Province The PRC (樂山天嶼)	—	75,000,000	—	—	—	—	75,000,000	—	100.0%	75,000,000
45.	Leshan Lanshan No. 881 Ruixiang Road Shizhong District Leshan City Sichuan Province The PRC (樂山瀾山)	—	—	—	1,114,000,000	—	—	1,114,000,000	—	70.0%	779,800,000
46.	Unsold units of Leshan International Mansion No. 74 Yutao Street Shizhong District Leshan City Sichuan Province The PRC (樂山國際公館)	—	12,000,000	—	—	—	—	12,000,000	—	100.0%	12,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
47.	Zunyi Lantai House located at the intersection of Shanghai Road and Ningbo Road Huichuan District Zunyi City Guizhou Province The PRC (遵義蘭台府)	—	—	—	649,000,000	—	—	649,000,000	649,000,000	55.0%	356,950,000
48.	Portions of Meishan Kaixuan International Mansion located at the southwest of the intersection of Hubin Road and Meizhou Avenue Dongpo District Meishan City Sichuan Province The PRC (眉山凱旋國際公館)	—	425,000,000	—	1,040,000,000	—	—	1,465,000,000	1,465,000,000	100.0%	1,465,000,000
49.	Unsold units of Meishan Kaixuan Square located at the northeast of the intersection of Suyuan Road and Dongpo Avenue Dongpo District Meishan City Sichuan Province The PRC (眉山凱旋廣場)	—	64,000,000	—	—	—	—	64,000,000	64,000,000	78.5%	50,240,000
50.	Unsold units of Meishan Huayu Phase II located at the southeast of the intersection of Suyuan Road and Chongguang Road Dongpo District Meishan City Sichuan Province The PRC (眉山花嶼二期)	—	19,000,000	—	—	—	—	19,000,000	19,000,000	60.0%	11,400,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
51.	Unsold units of Meishan Kaixuan International Mansion Phase II located at the northeast of the intersection of Jiangxiang Road and Qingyi Road Dongpo District Meishan City Sichuan Province The PRC (眉山凱旋國際公館二期)	—	58,000,000	—	—	—	—	58,000,000	57.0%	33,060,000
52.	Meishan Lantai House located at the northwest of the intersection of Fucheng Road and Shuangfeng Road Meishan City Sichuan Province The PRC (眉山蘭台府)	—	—	—	1,366,000,000	—	—	1,366,000,000	55.0%	751,300,000
53.	Meishan Guanjiang House located at the southwest of the intersection of Binjiang Avenue and Qitong Road Dongpo District Meishan City Sichuan Province The PRC (眉山觀江府)	—	—	—	625,000,000	—	—	625,000,000	55.0%	343,750,000
54.	Portions of Haifeng Tianyu located at No. KJC-B07 Land Parcel Eco-technology City Haifeng County Shanwei City Guangdong Province The PRC (海豐天嶼)	—	489,000,000 (refer to note b)	—	431,000,000	—	—	920,000,000 (refer to note b)	100.0%	920,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
55.	Huizhou Lantai House located at Jinquan Road Beizhan New Town Huicheng District Huizhou City Guangdong Province The PRC (惠州蘭台府)	—	—	—	1,773,000,000	—	—	1,773,000,000	1,773,000,000	100.0%	1,773,000,000
56.	Unsold units of Foshan Haina Long Ting located at Qingong Road Chancheng District Foshan City Guangdong Province The PRC (佛山海納龍庭)	—	34,000,000	—	—	—	—	34,000,000	34,000,000	100.0%	34,000,000
57.	Unsold units of Foshan Haina Jun Ting located at the intersection of Guangyun Road and Chantan Road Lixi Community Dali Town Nanhai District Foshan City Guangdong Province The PRC (佛山海納君庭)	—	11,000,000	—	—	—	—	11,000,000	11,000,000	100.0%	11,000,000
58.	Unsold units of Foshan Haina Mansion No. 5 Lishui Avenue Nanhai District Foshan City Guangdong Province The PRC (佛山海納公館)	—	38,000,000	—	—	—	—	38,000,000	38,000,000	100.0%	38,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
59.	Unsold units of Foshan Haina Haoting No. 139 Lishui Avenue Nanhai District Foshan City Guangdong Province The PRC (佛山海纳豪庭)	—	55,000,000	—	—	—	—	55,000,000	—	100.0%	55,000,000
60.	Unsold units of Foshan Haina Haoyuan located at Ganjiao Village Lishui Town Nanhai District Foshan City Guangdong Province The PRC (佛山海纳豪苑)	—	1,000,000	—	—	—	—	1,000,000	—	100.0%	1,000,000
61.	Unsold units of Mianyang Tianyu No. 2 Hongqiao Road Chengnan New District Mianyang City Sichuan Province The PRC (绵阳天屿)	—	No commercial value	—	—	—	—	Nil (Refer to note c)	Nil (Refer to note c)	65.0%	Nil (Refer to note c)
62.	Unsold units of Mianyang Lantai House No. 94 Sanxing Road Youxian District Mianyang City Sichuan Province The PRC (绵陽蘭台府)	—	1,139,000,000	—	—	—	—	1,139,000,000	—	62.1%	707,319,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
63.	Nanchong Lantai House No. 118 Maoyuannan Road Shunqing District Nanchong City Sichuan Province The PRC (南充蘭台府)	—	—	—	1,089,000,000	—	—	1,089,000,000	1,089,000,000	82.0%	892,980,000
64.	Nanchong Tianyu No. 561 Jinyuling Road Shunqing District Nanchong City Sichuan Province The PRC (南充天嶼)	—	—	—	558,000,000	—	—	558,000,000	558,000,000	100.0%	558,000,000
65.	Ya'an Yunjing located at Daxing Town Yueheng District Ya'an City Sichuan Province The PRC (雅安雲靜)	—	—	—	567,000,000	—	—	567,000,000	567,000,000	100.0%	567,000,000
66.	Ya'an Guanjiang House located at Qianjin Village Daxing Town Yueheng District Ya'an City Sichuan Province The PRC (雅安觀江府)	—	—	—	600,000,000	—	—	600,000,000	600,000,000	100.0%	600,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
67.	Unsold units of Ya'an Tianyu located at Yazhou Avenue Yucheng District Ya'an City Sichuan Province The PRC (雅安天嶼)	—	67,000,000	—	—	—	—	67,000,000	95.0%	63,650,000
68.	Portions of Ya'an Lantai House No. 6 Ankang Road Yucheng District Ya'an City Sichuan Province The PRC (雅安蘭台府)	—	32,000,000	—	132,000,000	—	—	164,000,000	95.0%	155,800,000
69.	Ya'an Lantai House Phase III located at Block 2-12 Daxing District Yucheng District Ya'an City Sichuan Province The PRC (雅安蘭台府3期)	—	—	—	695,000,000	—	—	695,000,000	100.0%	695,000,000
70.	Mianyang Guanjiang House located at Putisi Village Ningxiangsi Community High-tech Zone Mianyang City Sichuan Province The PRC (綿陽觀江府)	—	—	—	123,000,000	1,095,000,000	—	1,218,000,000	100.0%	1,218,000,000

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		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
71.	Mianyang Leading Dongyuan Yuecheng located at Zone C, Dengta Community Qingyi Town Fucheng District Mianyang City Sichuan Province The PRC (綿陽領地東原閬城)	—	—	—	1,113,000,000	515,000,000	—	1,628,000,000	—	50.0%	814,000,000
72.	Ya'an Yuejiangting located at Daxing District Yucheng District Ya'an City Sichuan Province The PRC (雅安悅江庭)	—	—	—	225,000,000	—	—	225,000,000	—	51.0%	114,750,000

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No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
73.	Xichang Tianyu located at No. A-28 land plot Ecological Garden Area East of Qionghai Lake Xichang City Sichuan Province The PRC (西昌天颐)	—	—	—	286,000,000	—	—	286,000,000	100.0%	286,000,000
74.	Kaili Leading Tianyu No. 10 Fengqingxi Road Qiongdongnan Miao and Dong Autonomous Prefecture Kaili City Guizhou Province The PRC (凯里领地天御)	—	—	—	387,000,000	343,000,000	—	730,000,000	100.0%	730,000,000
75	Portions of Chengdu Xindu Yue House No. 521 Gongye Avenue East Section Xindu District Chengdu City Sichuan Province The PRC (成都新都悦府)	—	54,000,000	34,000,000	981,000,000	663,000,000	—	1,732,000,000	100.0%	1,732,000,000

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date		Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
76	Luzhou Lantai House located at the eastern side of Changjiang Primary School Shawan Area Jiangyang District Luzhou City Sichuan Province The PRC (瀘州蘭台府)	—	—	—	402,000,000	—	—	402,000,000	402,000,000	53.6%	215,472,000
77	Chengdu Tianfu Kangcheng • Duneng located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road, Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城•都能)	—	—	—	—	—	No commercial value	Nil	Nil	91.2%	Nil
78	Chengdu Tianfu Kangcheng • Shengyu located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城•聖域)	—	—	—	—	—	No commercial value	Nil	Nil	100.0%	Nil

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total 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
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:		RMB
79	Chengdu Tianfu Kangcheng • Yuandi located at western side of Tianfu Avenue and eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城•源地)	—	—	—	558,000,000	—	—	91.2%	508,896,000
80	Urumuqi Jinshang Lantai located at the eastern side of Liyu Shan Road High-tech Industrial Development Zone Urumuqi City Xinjiang Uyghur Autonomous Region The PRC (烏魯木齊錦尚蘭台)	—	—	—	—	—	No commercial value	60.0%	Nil
81	Urumuqi Tianjing Yunzhu located at the eastern side of Liyu Shan Road High-Tech Industrial Development Zone Urumuqi City Xinjiang Uyghur Autonomous Region The PRC (烏魯木齊天鏡雲著)	—	—	—	—	—	No commercial value	100.0%	Nil

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total 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
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
82	Yibin Guanjiang House located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (宜賓觀江府)	—	—	—	No commercial value	—	No commercial value	Nil	55.0%	Nil
83	Nanchong Jinwei Leading Yuecheng No. 299 Huarong Road 1st Section Shunqing District Nanchong City Sichuan Province The PRC (南充金為領悅城)	—	—	—	748,000,000	—	—	748,000,000	45.0%	336,600,000
84	Guangyuan Leading City located at the eastern side of Central Kangyang Avenue, the northern side of Qiaoge Road Lizhou District Guangyuan City Sichuan Province The PRC (廣元領地城)	—	—	—	—	—	No commercial value	Nil	55.9%	Nil

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date		Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB	RMB		RMB
85	Panzhihua Ruxiang Huacheng located at the southern side of Ganlan Road and the western side of Bingren Road Huacheng New District Panzhihua City Sichuan Province The PRC (攀枝花如享花城)	—	—	—	48,000,000	—	—	48,000,000	48,000,000	51.0%	24,480,000
86	Chengdu Leading Guanjiang House located at the southern side of Yulan East Road and the northern side of Baishui East Street Dujiangyan City Chengdu City Sichuan Province The PRC (成都•領地觀江府)	—	—	—	346,000,000	411,000,000	—	757,000,000	757,000,000	100.0%	757,000,000
87	Suining Taolijun located at Suizhou Road Jingkai District Suining City Sichuan Province the PRC (遂寧桃李郡)	—	—	—	—	—	No commercial value	Nil	Nil	34.0%	Nil
88	Xichang Leading Guanyuan located at Gaoshichunxi South Road Xichang City Sichuan Province the PRC (西昌領地觀園)	—	—	—	—	—	No commercial value	Nil	Nil	100.0%	Nil

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PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB Group VI:	RMB		RMB
89	Luohe Lishanglantai located at south side of the Shuichunjiang Road Yuanhui District Luohe City Henan Province the PRC (漯河臨尚蘭台)	—	—	—	—	—	No commercial value	Nil	100.0%	Nil
Total:		469,000,000	3,629,000,000	4,567,600,000	33,767,000,000	4,621,000,000	—	47,053,600,000		40,004,453,000

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PROPERTY VALUATION REPORT

Notes:

- (a) In the valuation of properties in Group VI and the CIP of property no. 82 in Group IV which had not been assigned to the Group and thus the title of the aforesaid properties had not been vested in the Group as at the valuation date. Therefore, we have attributed no commercial value to the properties in Group VI and the CIP of property no. 82 in Group IV. However, for reference purpose, we are of the opinion that the total market value of these properties in Group VI and the CIP of property no. 82 in Group IV as at the valuation date would be RMB5,494,000,000 assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer the properties.
- (b) As advised by the Group, building ownership certificates for the kindergarten and 22 car parking spaces of property no. 28, 815 car parking spaces of property no. 24 and 601 car parking spaces of property no. 54 with a total gross floor area of approximately 47,085.21 sq.m. could not be obtained. Therefore, we have attributed no commercial value to these portions. However, for reference purpose, we are of the opinion that the total market value of these portions as at the valuation date would be RMB99,000,000 assuming that they could be freely transferred, leased, mortgaged or otherwise disposed of by the Group.
- (c) We have attributed no commercial value to property no. 61 as it was subject to sequestration according to the company’s legal adviser. However, for reference purpose, we are of the opinion that the market value of property no. 61 as at the valuation date would be RMB66,000,000, assuming the property can be freely transferred, leased, mortgaged or otherwise disposed of by the Group.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
1.	Chengdu Yipin Center located at Yipintianxia Avenue Jinniu District Chengdu City Sichuan Province The PRC (成都一品中心)	Chengdu Yipin Center is located at Yipintianxia Avenue, Jinniu District. It is well-served by public transportation. The locality is a mature residential and commercial area. The property occupies a parcel of land with a site area of approximately 20,533.80 sq.m., which will be developed into a commercial development complex with a total planned gross floor area of approximately 141,509.01 sq.m. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 5. The land use rights of the property have been granted for a term of 40 years for commercial use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 4)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—5101 Jin (2014) Chu Rang Contract No. 58 dated 28 August 2014, the land use rights of a parcel of land with a site area of approximately 15,740.21 sq.m. were contracted to be granted to Chengdu Lingyue Real Estate Development Co., Ltd. (成都領悅房地產開發有限公司, “Chengdu Lingyue”, a wholly-owned subsidiary of the Company) for a term of 40 years for commercial use commencing from the land delivery date. The land premium was RMB15,936,963 and the plot ratio accountable gross floor area is approximately 82,975.28 sq.m.
- Pursuant to a State-owned Construction Land Use Rights Land Use Conditions Alteration Agreement dated 19 July 2018, the site area of the land parcel mentioned in note 1 had been changed to approximately 20,533.80 sq.m. The additional consolidated land price (including the land premium) was RMB104,956,407. As advised by the Group, the additional plot ratio accountable gross floor area is approximately 25,269.64 sq.m.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510106201820304, permissions towards the planning of the aforesaid land parcel with a site area of approximately 20,533.80 sq.m. have been granted to Chengdu Lingyue.

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4. As at the valuation date, the property had not been assigned to Chengdu Lingyue and thus the title of the property had not been vested in Chengdu Lingyue. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB528,000,000 assuming the relevant title certificates have been obtained by Chengdu Lingyue and Chengdu Lingyue is entitled to freely transfer the property.
5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group VI—contracted to be acquired by the Group	Retail	111,021.01	
	Car parking spaces	14,000.00	400
	Others	16,488.00	
	Total:	141,509.01	400

6. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB4,000 to RMB5,300 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract and State-owned Construction Land Use Rights Land Use Conditions Alteration Agreement mentioned in note 1 and note 2 are legal and valid.
8. A summary of major certificates/approvals is shown as follows:
 - a. State-owned Land Use Rights Grant Contract Yes
 - b. Construction Land Planning Permit Yes
 - c. State-owned Land Use Rights Certificate No
9. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
2.	Portions of Chengdu Leading Center Nos. 3 & 5 Xiyu Street Qingyang District Chengdu City Sichuan Province The PRC (成都領地中心)	Chengdu Leading Center is a development complex with office, retail and hotel components completed in 2017 and 2018. The project is next to Tian Fu Square, where the locality is a commercial tourism area with various commercial developments and public facilities, including Chengdu Museum, Sichuan Science Technology Museum, shopping malls, etc. The property comprises portions of the project with a total gross floor area (“GFA”) of approximately 166,451.09 sq.m. The classification, usage and GFA details of the property are set out in note 3. The land use rights of the property have been granted for a term expiring on 6 May 2048 for commercial and financial, accommodation and catering, wholesale and retail, public facilities uses.	As at the valuation date, portions of the property with a total GFA of approximately 47,446.50 sq.m. were leased to various tenants for retail and office uses, portions of the property with a total GFA of approximately 91,160.02 sq.m. were vacant to rent, whilst the remaining portion with a GFA of approximately 19,186.87 sq.m. was operated by the Group for hotel purpose.	3,080,000,000 (100.0% interest attributable to the Group: RMB3,080,000,000)

Notes:

- Pursuant to 3 State-owned Land Use Rights Certificates—Cheng Guo Yong (2009) Di No. 1003, (2010) Di No. 485 and (2011) Di No. 94, the land use rights of 3 parcels of lands on which the property is located with a total site area of approximately 10,061.33 sq.m. have been granted to Chengdu Hanjing Industrial Co., Ltd. (成都漢景實業有限公司, “Chengdu Hanjing” a wholly-owned subsidiary of the Company) for various terms expiring on 6 May 2048 for commercial use, 27 December 2050 for public underground car parking space use and 26 November 2059 for public facilities use.
- Pursuant to 5 Real Estate Title Certificates—Chuan (2019) Chengdu Shi Bu Dong Chan Quan Di Nos. 0484869, 0484835, 0484851, 0484698 and 0484394, the property with a total GFA of approximately 166,451.09 sq.m. is owned by the Chengdu Hanjing. The relevant land use rights have been granted to Chengdu Hanjing for a term expiring on 6 May 2048 for commercial and financial, accommodation and catering, wholesale and retail, public facilities uses.

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PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the GFA of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>GFA (sq.m.)</u>	<u>No. of car parking space</u>
Group I—held and occupied by the Group	Hotel	19,186.87	
	Sub-total:	<u>19,186.87</u>	
Group III—held for investment by the Group	Retail	9,953.84	
	Office	103,042.07	
	Car parking spaces	25,610.61	488
	Ancillary	8,657.70	
	Sub-total:	<u>147,264.22</u>	<u>488</u>
	Total:	<u>166,451.09</u>	<u>488</u>

4. Pursuant to 44 Tenancy Agreements entered into between Chengdu Hanjing and various third parties, portions of the property with a total GFA of approximately 47,446.50 sq.m. are leased to 43 independent third parties and a connected party for retail and office purposes with the expiry dates between 14 December 2020 and 31 May 2034 and the total monthly rent receivable as at the valuation date was approximately RMB4,870,000, exclusive of management fees, water and electricity charges.

5. Our valuation has been made on the following basis and analysis:

- a. in valuing retail units, office units and car parking spaces of the property in Group III, we have considered the actual rents in the existing tenancy agreements and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
- b. unit rents of the comparable properties are in the range of RMB350 to RMB600 per sq.m. per month for retail units on the first floor, RMB130 to RMB155 per sq.m. per month for office units and RMB800 to RMB1,200 per space per month for car parking spaces, appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent;
- c. based on our research, the stabilized market yield of similar retail, office and car parking spaces properties is in the range of 3.5% to 6.5%. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for retail units, 5.0% for office units and 5.0% for car parking spaces in the valuation.

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- d. For the hotel portion of the property in Group I, we have taken into account of main performance indicators of comparable hotels such as daily room rate and occupancy rate for the first year’s data. Our major assumptions adopted are summarized as follows:
- i. Average daily room rate in the first year (RMB): 1,050
 - ii. Occupancy rate in the first year: 65%
 - iii. Stabilized growth rate: 3%
 - iv. Discount rate: 7.5%
 - v. Terminal capitalization rate: 4.5%
6. Pursuant to a Mortgage Contract, the land use rights and the buildings of the property are subject to a mortgage in favour of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Chengdu Hanjing has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates. As land use rights are subject to mortgage, Chengdu Hanjing has the rights to occupy and use the property, but the transfer of the property would be restricted until the mortgage has been released.
8. A summary of major certificates/approvals is shown as follows:
- a. State-owned Land Use Rights Certificate Yes
 - b. Real Estate Title Certificate Yes
9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date</u> RMB	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date</u> RMB
Group I—held and occupied by the Group	444,000,000	100.0%	444,000,000
Group III—held for investment by the Group	<u>2,636,800,000</u>	<u>100.0%</u>	<u>2,636,800,000</u>
Total:	<u>3,080,800,000</u>	<u>100.0%</u>	<u>3,080,800,000</u>

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
3.	Portions of Chengdu International Finance Center No. 750 Jitai Road and No. 151 2nd Tianfu Street Gaoxin District Chengdu City Sichuan Province The PRC (成都環球金融中心)	Chengdu International Finance Center is a development complex with retail and office components completed in 2017. It is well-served by public transportation. The vicinity of the property is dominated by commercial and office developments. The property comprises unsold retail and office units, and car parking spaces of Chengdu International Finance Center with a total gross floor area (“GFA”) of approximately 78,435.68 sq.m. The classification, usage and GFA details of the property are set out in note 3. The land use rights of the property have been granted for a term expiring on 17 October 2045 for commercial use.	As at the valuation date, portions of the property with a total GFA of approximately 26,281.01 sq.m. (excluding car parking spaces) were leased to various tenants for retail and office uses, the other portions with a total GFA of approximately 46,748.17 sq.m. (including car parking spaces) were vacant for rent/sale, whilst the remaining portion with a GFA of approximately 1,419.12 sq.m. was occupied by the Group for office purpose.	952,000,000 (100.0% interest attributable to the Group: RMB952,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Cheng Gao Guo Yong (2009) Di No. 6676, the land use rights of a parcel of land on which the property is located with a site area of approximately 18,513.59 sq.m. have been granted to Leading Real Estate Group Co., Ltd. (領地房地產集團股份有限公司, now known as Leading Group Co., Limited (領地集團有限公司, “**Leading Group**”), an indirect wholly-owned subsidiary of the Company) for a term expiring on 17 October 2045 for commercial use.
- Pursuant to 3 Real Estate Title Certificates—Chuan (2018) Chengdu Shi Bu Dong Chan Quan Di Nos. 0127738 and 0127934, and Chuan (2019) Chengdu Shi Bu Dong Chan Quan Di No. 0481108, Chengdu International Finance Center with a total GFA of approximately 254,589.85 sq.m. (including the property) is owned by Leading Group. The relevant land use rights have been granted to Leading Group for a term expiring on 17 October 2045 for commercial use.

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3. According to the information provided by the Group, the GFA of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>GFA (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group I—held and occupied by the Group	Office	1,419.12	
	Sub-total:	<u>1,419.12</u>	
Group II—held for sale by the Group	Office	899.64	
	Sub-total:	<u>899.64</u>	
Group III—held for investment by the Group	Retail	30,200.03	
	Office	18,019.61	
	Car parking spaces	24,809.54	645
	Ancillary	3,087.74	
	Sub-total:	<u>76,116.92</u>	<u>645</u>
	Total:	<u><u>78,435.68</u></u>	<u><u>645</u></u>

4. As advised by the Group, five office units with a total GFA of approximately 899.64 sq.m. of the property have been pre-sold to a third party at a total consideration of RMB17,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
5. Pursuant to 26 Tenancy Agreements entered into between Leading Group and various third parties, portions of the property with a total GFA of approximately 26,281.01 sq.m. (excluding car parking spaces) are leased to various independent third parties and 2 connected parties for retail and office purposes with the expiry dates between 19 August 2021 and 13 November 2033, and the total monthly rent receivable as at the valuation date was approximately RMB1,400,000, exclusive of management fees, water and electricity charges.
6. Our valuation has been made on the following basis and analysis:
- in valuing retail units, office units and car parking spaces of the property, we have considered the actual rents in the existing tenancy agreement and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
 - unit rents of the comparable properties are in the range of RMB225 to RMB300 per sq.m. per month for retail units on the first floor, RMB95 to RMB115 per sq.m. per month for office units, and RMB500 to RMB800 per space per month for car parking spaces, appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent;
 - based on our research, the stabilized market yield of similar retail, office and car parking space properties is in the range of 3.5% to 6.5%. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for retail units, 5.0% for office units and 5.0% for car parking spaces in the valuation.

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7. Pursuant to a Mortgage Contract, portions of the property are subject to a mortgage in favour of a third party.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Leading Group has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates. As portions of the property are subject to mortgage, Leading Group has the rights to occupy and use the mortgaged portions, but the transfer of them would be restricted until the mortgage has been released.
9. A summary of major certificates/approvals is shown as follows:
 - a. State-owned Land Use Rights Certificate Yes
 - b. Real Estate Title Certificates Yes
10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date</u> RMB	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date</u> RMB
Group I—held and occupied by the Group	25,000,000	100.0%	25,000,000
Group II—held for sale by the Group	17,000,000	100.0%	17,000,000
Group III—held for investment by the Group	<u>910,000,000</u>	<u>100.0%</u>	<u>910,000,000</u>
Total:	<u>952,000,000</u>	<u>100.0%</u>	<u>952,000,000</u>

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
4.	Chengdu Xishan Lantai No. 988 Huaxin Avenue, Baihe Town Longquanyi District Chengdu City Sichuan Province The PRC (成都溪山蘭台)	Chengdu Xishan Lantai is located at No. 988 Huaxin Avenue, Baihe Town. It is well-served by public transportation. The locality is a residential area. The property occupies a parcel of land with a site area of approximately 34,755.67 sq.m., which is being developed into a residential development. As advised by the Group, the property is scheduled to be completed in June 2021, upon completion, the property will have a total planned gross floor area of approximately 80,837.39 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB987,000,000, of which approximately RMB812,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 14 May 2088 for residential use.	As at the valuation date, the property was under construction.	839,000,000 (100.0% interest attributable to the Group: RMB839,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—510101-2018-B-002 (Long) dated 29 November 2017 and a Supplementary Contract dated 8 April 2018, the land use rights of a parcel of land with a site area of approximately 34,755.67 sq.m. were contracted to be granted to Chengdu Yuehang Real Estate Development Co., Ltd. (成都悦航房地產開發有限公司, “Chengdu Yuehang”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB490,054,947.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510112201820118, permission towards the planning of the aforesaid land parcel with a site area of approximately 34,755.67 sq.m. has been granted to Chengdu Yuehang.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Long Quan Yi Qu Bu Dong Chan Quan Di No. 0045322, the land use rights of the aforesaid land parcel with a site area of approximately 34,755.67 sq.m. have been granted to Chengdu Yuehang for a term expiring on 14 May 2088 for residential use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510112201830302 in favour of Chengdu Yuehang, Chengdu Xishan Lantai with a gross floor area of approximately 80,837.39 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 510112201807240101 in favour of Chengdu Yuehang, permission by the relevant local authority was given to commence the construction of Chengdu Xishan Lantai with a gross floor area of approximately 80,837.39 sq.m.
6. Pursuant to 2 Pre-sale Permits—Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di No. 102074 and Rong Yu Shou Zi Di No. 51011220205242 in favour of Chengdu Yuehang, the Group is entitled to sell portions of Chengdu Xishan Lantai (representing a total gross floor area of approximately 43,224.09 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	55,321.55	
	Car parking spaces	13,257.38	412
	Ancillary	230.02	
	Others	<u>12,028.44</u>	
	Total:	<u>80,837.39</u>	<u>412</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 15,113.50 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB258,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,095,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB17,500 to RMB23,000 per sq.m. for residential units and RMB120,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengdu Yuehang is legally and validly in possession of the land use rights of the property. As the land use rights are subject to mortgage, Chengdu Yuehang has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Chengdu Yuehang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengdu Yuehang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
5.	Chengdu Yue Center No. 521 Gongye Avenue East Section Xindu District Chengdu City Sichuan Province The PRC (成都悦中心)	Chengdu Yue Center is located at No. 521 Gongye Avenue East Section, Xindu District. It is well-served by public transportation. The locality is a mature residential and commercial area. The property occupies a parcel of land with a site area of approximately 27,400.48 sq.m., which is being developed into a commercial and residential development. As advised by the Group, the property is scheduled to be completed in October 2022, upon completion, the property will have a total planned gross floor area of approximately 76,119.31 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB679,000,000, of which approximately RMB397,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 23 May 2089 for residential use and 23 May 2059 for commercial use.	As at the valuation date, the property was under construction.	405,000,000 (100.0% interest attributable to the Group: RMB405,000,000)

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts—Xin Guo Tu 2002 Grant Contract No. 473 and No. 474 dated 2002 and an Alteration Agreement dated 23 May 2019, the land use rights of a parcel of land with a site area of approximately 27,400.48 sq.m. were contracted to be granted to Chengdu Jiaxue Real Estate Co., Ltd. (成都佳雪置業有限公司, “Chengdu Jiaxue”, a wholly-owned subsidiary of the Company) for a term of 40 years for commercial use (the compatible residential gross floor area should not be greater than 49% of the total gross floor area of the land parcel) commencing from the land delivery date. The total land premium was RMB201,009,921.

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2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510114201820239, permission towards the planning of the aforesaid land parcel with a site area of approximately 27,400.47 sq.m. has been granted to Chengdu Jiaxue.
3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Xin Du Qu Bu Dong Chan Quan Di No. 0007451, the land use rights of a parcel of land with a site area of approximately 27,400.48 sq.m. have been granted to Chengdu Jiaxue for terms expiring on 23 May 2089 for residential use and 23 May 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510114202030046, in favour of Chengdu Jiaxue, Chengdu Yue Center with a gross floor area of approximately 76,119.31 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 510114202003130501 in favour of Chengdu Jiaxue, permission by the relevant local authority was given to commence the construction of Chengdu Yue Center with a gross floor area of approximately 76,119.31 sq.m.
6. Pursuant to 2 Pre-sale Permits—Rong Yu Shou Zi Di No. 51011420202302 and Rong Yu Shou Zi Di No. 51011420205012 in favour of Chengdu Jiaxue, the Group is entitled to sell portions of Chengdu Yue Center (representing a total gross floor area of approximately 54,088.59 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	26,852.00	
	Retail	5,973.61	
	Apartment	21,702.39	
	Car parking spaces	9,906.26	309
	Ancillary	3,641.00	
	Others	8,044.05	
	Total:	76,119.31	309

8. As advised by the Group, various residential and apartment units with a total gross floor area of approximately 12,263.00 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB121,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB825,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB17,000 to RMB20,000 per sq.m. for residential units, RMB8,000 to RMB9,000 per sq.m. for apartment units, RMB23,000 to 27,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengdu Jiaxue is legally and validly in possession of the land use rights of the property. As the land use rights are subject to mortgage, Chengdu Jiaxue has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Chengdu Jiaxue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengdu Jiaxue has the rights to legally pre-sell portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
6.	Chongqing Leading Guanyun House located at No. N23/03 Zone N Jieshi Group Banan District Chongqing Municipality The PRC (重慶領地 • 觀雲府)	Chongqing Leading Guanyun House is located at No. N23/03, Zone N, Jieshi Group. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 40,372.00 sq.m., which is being developed into a residential development. As advised by the Group, the property is scheduled to be completed in November 2021, upon completion, the property will have a total planned gross floor area of approximately 85,761.04 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB797,000,000, of which approximately RMB588,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 13 May 2069 for residential use and 13 May 2059 for commercial use.	As at the valuation date, the property was under construction.	618,000,000 (100.0% interest attributable to the Group: RMB618,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—Yu Di (2019) He Zi (Banan) Di No. 83 dated 7 May 2019, the land use rights of a parcel of land with a site area of approximately 40,372.00 sq.m. were contracted to be granted to Chongqing Fantai Real Estate Development Co., Ltd. (重慶泛太房地產開發有限公司, “Chongqing Fantai”, a wholly-owned subsidiary of the Company) for a term of 50 years for residential use commencing from the land delivery date. The land premium was RMB425,000,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 500113201900036, permission towards the planning of the aforesaid land parcel with a site area of approximately 40,372.00 sq.m. has been granted to Chongqing Fantai.

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3. Pursuant to a Real Estate Title Certificate (Land)—Yu (2019) Ba Nan Qu Bu Dong Chan Quan Di No. 000558322, the land use rights of the aforesaid land parcel with a site area of approximately 40,372.00 sq.m. have been granted to Chongqing Fantai for terms expiring on 13 May 2069 for residential use and 13 May 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 500113201900114 in favour of Chongqing Fantai, Chongqing Leading Guanyun House with a gross floor area of approximately 85,761.04 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 500113201909040101 in favour of Chongqing Fantai, permission by the relevant local authority was given to commence the construction of Chongqing Leading Guanyun House with a gross floor area of approximately 85,761.04 sq.m.
6. Pursuant to 7 Pre-sale Permits—Yu Zhu Jian Wei (2019) Yu Zi Di No. (2233) and Yu Zhu Jian Wei (2020) Yu Zi Di Nos. (291), (610), (867), (1026), (1180) and (1216) in favour Chongqing Fantai, the Group is entitled to sell portions of Chongqing Leading Guanyuan House (representing a total gross floor area of approximately 39,356.72 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	57,564.74	
	Car parking spaces	22,524.12	697
	Ancillary	2,977.30	
	Others	<u>2,694.88</u>	
	Total:	<u>85,761.04</u>	<u>697</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 24,108.10 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB317,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB931,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB13,000 to RMB16,000 per sq.m. for residential units and RMB130,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chongqing Fantai is legally and validly in possession of the land use rights of the property. As the land use rights are subject to mortgage, Chongqing Fantai has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Chongqing Fantai has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chongqing Fantai has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
7.	Unsold units of Chengdu Jinxiang Lantai located at 1–1 Jinxi Garden Hengshan Avenue Xipu Town Pidū District Chengdu City Sichuan Province The PRC (成都錦巷蘭台)	Chengdu Jinxiang Lantai is located at 1–1 Jinxi Garden, Hengshan Avenue, Xipu Town, Pidū District. It is well-served by public transportation. The locality is a residential area. Chengdu Jinxiang Lantai occupies a parcel of land with a site area of approximately 46,473.02 sq.m., which had been developed into a residential and commercial development completed between 2018 and 2019. The property comprises the unsold units of Chengdu Jinxiang Lantai with a total gross floor area of approximately 24,629.10 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 12 April 2086 for residential use and 12 April 2056 for commercial use.	As at the valuation date, the property was vacant for sale.	121,000,000 (55.0% interest attributable to the Group: RMB66,550,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—5101082016–09 dated 17 March 2016, the land use rights of a parcel of land with a site area of approximately 46,473.02 sq.m. (including the property) were contracted to be granted to Pixian Shengda Real Estate Co., Ltd. (郫縣升達置業有限責任公司, “**Pixian Shengda**”, a 55.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB209,128,500.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510124201620010, permission towards the planning of the aforesaid land parcel with a site area of approximately 46,473.02 sq.m. has been granted to Pixian Shengda.
- Pursuant to a State-owned Land Use Rights Certificate—Pi Guo Yong (2016) DI No. 5682, the land use rights of the aforesaid land parcel on which the property is located with a site area of approximately 46,473.02 sq.m. have been granted to Pixian Shengda for terms expiring on 12 April 2086 for residential use and 12 April 2056 for commercial use.

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4. Pursuant to 2 Construction Work Planning Permits—Jian Zi Di Nos. 510124201630031 and 510124201730020 in favour of Pixian Shengda, Chengdu Jinxiang Lantai with a total gross floor area of approximately 248,963.78 sq.m. (including the property) has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits—Nos. 510124201608220201-1, 510124201608220201-2, 510124201608220301 and 510124201709290501, in favour of Pixian Shengda, permission by the relevant local authority was given to commence the construction of Chengdu Jinxiang Lantai with a total gross floor area of approximately 248,963.78 sq.m. (including the property).
6. Pursuant to 8 Pre-sale Permits—Cheng Fang Yu Shou Pi Du Zi DI Nos. 1419, 1427, 1430, 1447, 1475, 1544 and 1555, and Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di No. 101187 in favour of Pixian Shengda, the Group is entitled to sell portions of Chengdu Jinxiang Lantai (representing a total gross floor area of approximately 223,942.76 sq.m. (including the property)) to purchasers.
7. Pursuant to 3 Construction Work Completion and Inspection Certificates—Pi Gui Jian Bei (2018) Nos. 15 and 16, and Yan 2019-022 in favour of Pixian Shengda, the construction of Chengdu Jinxiang Lantai with a total gross floor area of approximately 249,123.60 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	214.98	
	Office	6,023.28	
	Car parking spaces	18,390.84	631
	Total:	24,629.10	631

9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB12,000 per sq.m. for residential units, RMB5,000 to RMB7,000 per sq.m. for office units and RMB100,000 to RMB140,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Pixian Shengda is legally and validly in possession of the land use rights of the property according to the relevant stated-owned land use rights certificate mentioned in note 3;
 - b. Pixian Shengda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Pixian Shengda has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. State-owned Land Use Rights Certificate	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Building Ownership Certificate/Real Estate Title Certificate (Building)	No
12. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
8.	Portions of Chengdu Tianfu Lantai (Xinlong) located at Group 2 of Liuhe Village and Groups 2 & 5 & 6 of Yangliu Village Huayuan Town Xinjin County Chengdu City Sichuan Province The PRC (成都天府蘭台 (新隆))	Chengdu Tianfu Lantai (Xinlong) is located at Group 2 of Liuhe Village and Groups 2 & 5 & 6 of Yangliu Village, Huayuan Town, Xinjin County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Chengdu Tianfu Lantai (Xinlong) occupies 4 parcels of land with a total site area of approximately 159,963.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2020 (the “Completed Portion”). The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in March 2022, upon completion, the CIP will have a total planned gross floor area of approximately 208,926.47 sq.m. The property comprises the unsold units of the Completed Portion and the CIP of Chengdu Tianfu Lantai (Xinlong) with a total gross floor area of approximately 219,188.85 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,374,000,000, of which approximately RMB728,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 31 December 2078 for residential use and 31 December 2048 for commercial use.	As at the valuation date, the unsold units of the Completed Portion of the property were vacant for sale and the CIP of the property was under construction.	870,000,000 (95.0% interest attributable to the Group: RMB826,500,000)

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Notes:

1. Pursuant to 4 State-owned Land Use Rights Grant Contracts—(2019) Nos. 0001, 0002, 0003 and 0004 dated 1 January 2019, the land use rights of 4 parcels of land with a total site area of approximately 159,963.00 sq.m. were contracted to be granted to Chengdu Xinlong Real Estate Co., Ltd. (成都新隆置業有限公司, “**Chengdu Xinlong**”, a 95.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB227,943,000.
2. Pursuant to 4 Construction Land Planning Permits—Di Zi Di No. 510132200921001, 510132200921002, 510132200921003 and 510132200921004 permission towards the planning of the aforesaid land parcels with a total site area of approximately 159,963.00 sq.m. has been granted to Chengdu Xinlong.
3. Pursuant to 4 State-owned Land Use Rights Certificates—Xin Jing Guo Yong (2010) Di Nos. 3425, 3427 and 3428, and Chuan (2017) Xin Jin Xian Bu Dong Chan Quan Di No. 0006831, the land use rights of the aforesaid land parcels with a total site area of approximately 159,963.00 sq.m. (including the property) have been granted to Chengdu Xinlong for terms expiring on 31 December 2078 for residential use and 31 December 2048 for commercial use.
4. Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 510132201731017, 510132201731018, 510132201831020 and 510132202030083 in favour of Chengdu Xinlong, Chengdu Tianfu Lantai (Xinlong) with a total gross floor area of approximately 280,636.99 sq.m. (including the property) has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits—Nos. 510132201712280601, 510132201712280701, 510132201712280801 and 510132202003270601 in favour of Chengdu Xinlong, permission by the relevant local authority was given to commence the construction of portions of Chengdu Tianfu Lantai (Xinlong) with a total gross floor area of approximately 280,637.03 sq.m. (including the property).
6. Pursuant to 8 Pre-sale Permits—Cheng Fang Yu Shou Xin Jin Zi Di Nos. 558 and 566, Cheng Fang Yu Shou Xin Jin (Bian) Zi Di No. 573, and Rong Yu Shou Zi Di Nos. 51013220190324, 51013220191529, 51013220202546, 51013220203715 and 51013220205263, in favour of Chengdu Xinlong, the Group is entitled to sell portions of Chengdu Tianfu Lantai (Xinlong) (representing a total gross floor area of approximately 198,237.24 sq.m. (including the property)) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Table—Xin Jian Bei No. 5101322020014 in favour of Chengdu Xinlong, the construction of the Completed Portion of Chengdu Tianfu Lantai (Xinlong) with a gross floor area of approximately 70,672.61 sq.m. has been completed and passed the inspection acceptance.

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8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	4,201.60	
	Retail	117.92	
	Car parking spaces	5,942.86	162
	Sub-total:	10,262.38	162
Group IV—held under development by the Group (CIP)	Residential	153,456.36	
	Retail	1,848.87	
	Car parking spaces	24,547.47	708
	Ancillary	12,760.92	
	Others	16,312.85	
	Sub-total:	208,926.47	708
	Total:	219,188.85	870

9. As advised by the Group, various residential units with a total gross floor area of approximately 108,996.83 sq.m. of the CIP of the property have been pre-sold to various third parties at a total consideration of RMB1,194,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,830,000,000.
11. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB13,000 per sq.m. for residential units, RMB20,000 to RMB24,000 per sq.m. for retail units on the first floor, and RMB100,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
12. Pursuant to 6 Mortgage Contracts, the land use rights and the CIP of Chengdu Tianfu Lantai (Xinlong) are subject to mortgages in favour of various third parties.

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13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Chengdu Xinglong is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgages, Chengdu Xinlong has the rights to occupy and use the land parcels, but the transfer of these mortgaged portions would be restricted until the mortgages have been released;
 - Chengdu Xionglong has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - Chengdu Xinglong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | Yes |
| c. State-owned Land Use Rights Certificate | Yes |
| d. Construction Work Planning Permit | Yes |
| e. Construction Work Commencement Permit | Yes |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
| h. Building Ownership Certificate/Real Estate Title Certificate (Building) | No |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group II—held for sale by the Group	66,000,000	95.0%	62,700,000
Group IV—held under development by the Group	<u>804,000,000</u>	<u>95.0%</u>	<u>763,800,000</u>
Total:	<u>870,000,000</u>	<u>95.0%</u>	<u>826,500,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
9.	Chengdu Tianfu Lantai (Jingyang) located at Groups 2 & 3 Yangliu Village Huayuan Town Xinjin County Chengdu City Sichuan Province The PRC (成都天府蘭台 (菁陽))	Chengdu Tianfu Lantai (Jingyang) is located at Groups 2 & 3, Yangliu Village, Huayuan Town, Xinjin County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 38,967.36 sq.m., which is being developed into a residential development. As advised by the Group, the property is scheduled to be completed in June 2021, upon completion, the property will have a total planned gross floor area of approximately 98,052.62 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB689,000,000, of which approximately RMB382,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 6 May 2083 for residential use and 6 May 2053 for commercial use.	As at the valuation date, the property was under construction.	396,000,000 (100.0% interest attributable to the Group: RMB396,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—0114–2013–0025 dated 29 March 2013, the land use rights of a parcel of land with a site area of approximately 38,967.36 sq.m. were contracted to be granted to Xinjin Jingyang Investment Co., Ltd. (新津菁陽投資有限公司, “**Xinjing Jingyang**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB71,310,220.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510132201721028, permission towards the planning of the aforesaid land parcel with a site area of approximately 38,967.36 sq.m. has been granted to Xinjing Jingyang.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Xin Jin Xian Bu Dong Chan Quan Di No. 0001043, the land use rights of the aforesaid land parcel with a site area of approximately 38,967.36 sq.m. have been granted to Xinjing Jingyang for terms expiring on 6 May 2083 for residential use and 6 May 2053 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510132201831027 in favour of Xinjin Jingyang, Chengdu Tianfu Lantai (Jingyang) with a gross floor area of approximately 98,052.62, sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 510132201908080201 in favour of Xinjin Jingyang, permission by the relevant local authority was given to commence the construction of Chengdu Tianfu Lantai (Jingyang), with a gross floor area of approximately 98,052.62 sq.m.
6. Pursuant to 3 Pre-sale Permits—Rong Yu Shou Zi Di Nos. 51013220196203, 51013220197615 and 51013220203212, in favour of Xinjin Jingyang, the Group is entitled to sell portions of Chengdu Tianfu Lantai (Jingyang) (representing a total gross floor area of approximately 69,507.21 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	69,507.21	
	Car parking spaces	17,459.52	582
	Ancillary	3,583.20	
	Others	7,502.69	
	Total:	98,052.62	582

8. As advised by the Group, various residential units with a total gross floor area of approximately 68,740.97 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB768,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB838,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB13,000 per sq.m. for residential units and RMB100,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xinjing Jingyang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Xinjing Jingyang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xinjing Jingyang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
10.	Unsold units of Chengdu Haina Shidai No. 566 Zhili Road Chenghua District Chengdu City Sichuan Province The PRC (成都海納時代)	Chengdu Haina Shidai is located at No. 566 Zhili Road, Chenghua District. It is well-served by public transportation. The locality is mature residential and commercial area. Chengdu Haina Shidai occupies a parcel of land with a site area of approximately 41,822.27 sq.m., which had been developed into a residential and commercial development completed between 2016 and 2017. The property comprises the unsold units of Chengdu Haina Shidai with a total gross floor area of approximately 16,949.65 sq.m. The classification, usage and gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms expiring on 6 February 2084 for residential use and 6 February 2054 for commercial use.	As at the valuation date, the property was vacant for sale.	82,000,000 (100.0% interest attributable to the Group: RMB82,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Cheng Guo Yong (2014) Di No. 107, the land use rights of a parcel of land on which the property is located with a site area of approximately 41,822.27 sq.m. have been granted to Chengdu Leading Fantai Real Estate Development Co., Ltd. (成都領地泛太房地產開發有限公司, “**Chengdu Leading Fantai**”, a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 6 February 2084 for residential use and 6 February 2054 for commercial use.
- Pursuant to 5 Real Estate Title Certificates—Chuan (2017) Cheng Du Shi Bu Dong Chan Quan Di Nos. 0392036, 0392140, 0392652 and 0392326, and Chuan (2018) Cheng Du Shi Bu Dong Chan Quan Di No. 0110176 in favour of Chengdu Leading Fantai, portions of the project with a total gross floor area of approximately 50,164.96 sq.m (including the property) are owned by Chengdu Leading Fantai. The relevant land use rights have been granted to Chengdu Leading Fantai for terms expiring on 6 February 2084 for residential use and 6 February 2054 for commercial use.

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3. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	77.78	
	Retail	4,614.45	
	Car parking spaces	12,257.42	366
	Total:	16,949.65	366

4. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for residential units, RMB20,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
5. Pursuant to a Mortgage Contract, portion of the property is subject to a mortgage in favour of a third party.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Chengdu Leading Faitai has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates. As portion of the property is subject to mortgage, Chengdu Leading Faitai has the rights to occupy and use the mortgaged portion, but the transfer of them would be restricted until the mortgage has been released.
7. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Certificate | Yes |
| b. Building Ownership Certificate/Real Estate Title Certificate | Portion |
8. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
11.	Chengdu Lantai House No. 1555 Guoning West Road Hongguang Town Pidu District Chengdu City Sichuan Province The PRC (成都蘭台府)	Chengdu Lantai House is located at No. 1555 Guoning West Road, Hongguang Town, Pidu District. It is well-served by public transportation. The locality is a residential area. The property occupies a parcel of land with a site area of approximately 40,897.30 sq.m., which is being developed into a residential development. As advised by the Group, the property is scheduled to be completed in October 2020, upon completion, the property will have a planned gross floor area of approximately 115,259.42 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,348,000,000, of which approximately RMB1,179,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 8 February 2088 for residential use.	As at the valuation date, the property was under construction.	1,198,000,000 (70.0% interest attributable to the Group: RMB838,600,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—5101082017–18 dated 28 December 2017 and a Supplementary Contract dated 30 January 2018, the land use rights of a parcel of land with a site area of approximately 40,897.30 sq.m. were contracted to be granted to Chengdu Lingpao Real Estate Development Co., Ltd. (成都領跑房地產開發有限公司, “Chengdu Lingpao”, a 70.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB646,172,600.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510124201820063, permission towards the planning of the aforesaid land parcel with a site area of approximately 40,897.30 sq.m. has been granted to Chengdu Lingpao.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Pi Du Qu Bu Dong Chan Quan Di No. 0039905, the land use rights of the aforesaid land parcel with a site area of approximately 40,897.30 sq.m. have been granted to Chengdu Lingpao for a term expiring on 8 February 2088 for residential use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510124201830223 in favour of Chengdu Lingpao, Chengdu Lantai House with a gross floor area of approximately 115,259.42 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 510117201806080701 in favour of Chengdu Lingpao, permission by the relevant local authority was given to commence the construction of Chengdu Lantai House, with a gross floor area of approximately 115,259.42 sq.m.
6. Pursuant to 2 Pre-sale Permits—Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di No. 101939 and Rong Fang Yu Shou Zi Di No. 51011720203408 in favour of Chengdu Lingpao, the Group is entitled to sell portions of Chengdu Lantai House (representing a total gross floor area of approximately 103,074.12 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	81,251.18	
	Car parking spaces	21,822.94	708
	Others	12,185.30	
	Total:	115,259.42	708

8. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 61,780.74 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB961,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,414,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB14,000 to RMB20,000 per sq.m. for residential units and RMB120,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengdu Lingpao is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Chengdu Lingpao has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Chengdu Lingpao has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengdu Lingpao has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
12.	Chengdu Leading Tianyu diagonally opposite to Volkswagen 4S Store and Renshou Avenue Renshou County Chengdu City Sichuan Province The PRC (成都領地天禦)	Chengdu Leading Tianyu is located at Renshou Avenue, Renshou County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 57,522.73 sq.m., which is being developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in March 2022, upon completion, the property will have a planned gross floor area of approximately 186,878.16 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,316,000,000, of which approximately RMB828,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 26 April 2088 for residential use and 26 April 2058 for commercial use.	As at the valuation date, the property was under construction.	834,000,000 (100.0% interest attributable to the Group: RMB834,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—511201–2018-P-15 dated 24 May 2018 and 3 Supplementary Contracts dated during 24 May 2018 to 26 April 2019, the land use rights of a parcel of land with a site area of approximately 57,522.73 sq.m. were contracted to be granted to Renshou Lingchuang Real Estate Development Co., Ltd. (仁壽領創房地產開發有限公司, “**Renshou Lingchuang**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB642,000,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 511421201807130021, permission towards the planning of the aforesaid land parcel with a site area of approximately 57,522.73 sq.m. has been granted to Renshou Lingchuang.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan 2020 Ren Shou Xian Bu Dong Chan Quan Di No. 0013050, the land use rights of the aforesaid land parcel with a site area of approximately 57,522.73 sq.m. have been granted to Renshou Lingchuang for terms expiring on 26 April 2088 for residential use and 26 April 2058 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi No.511421201807130021 in favour of Renshou Lingchuang, Chengdu Leading Tianyu with a gross floor area of approximately 186,878.16 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 511421201810170201 and 511421202003270101 in favour of Renshou Lingchuang, permission by the relevant local authority was given to commence the construction of Chengdu Leading Tianyu with a total gross floor area of approximately 185,411.50 sq.m.
6. Pursuant to 6 Pre-sale Permits—Ren Fang Yu Shou Yu Zi Di Nos. 20200608, 20200609, 20200610, 20200706, 20200818 and 20200916 in favour of Renshou Lingchuang, the Group is entitled to sell portions of Chengdu Leading Tianyu (representing a total gross floor area of approximately 73,179.59 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	135,473.76	
	Retail	4,076.72	
	Kindergarten	3,510.12	
	Car parking spaces	40,942.33	1,182
	Ancillary	<u>2,875.23</u>	
	Total:	<u>186,878.16</u>	<u>1,182</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 40,384.67 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB326,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,433,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,600 to RMB9,300 per sq.m. for residential units, RMB18,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. The State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid;
 - b. Renshou Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3. As land use rights are subject to mortgage, Renshou Lingchuang has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released;
 - c. Renshou Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - d. Renshou Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
13.	Meishan Changshoufang located at the northern side of Binjiang Avenue Pengshan District Meishan City Sichuan Province The PRC (眉山長壽坊)	Meishan Changshoufang is located at the northern side of Binjiang Avenue, Pengshan District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 71,769.81 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in December 2022, upon completion, the property will have a planned gross floor area of approximately 181,668.68 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 5. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB925,000,000, of which approximately RMB364,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 17 December 2054 for commercial use and 17 December 2084 for residential use.	As at the valuation date, the property was under construction.	545,000,000 (80.0% interest attributable to the Group: RMB436,000,000)

Notes:

- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Peng Shan Qu Bu Dong Chan Quan Di No. 0009842, the land use rights of a parcel of land with a site area of approximately 71,769.81 sq.m. have been granted to Sichuan Feiyang Real Estate Co., Ltd. (四川飛洋置業有限公司, now known as Sichuan Changshoufang Real Estate Development Co., Ltd. (四川長壽坊房地產開發有限責任公司), “Sichuan Changshoufang”, a 80.0%-owned subsidiary of the Company) for terms expiring on 17 December 2054 for commercial use and 17 December 2084 for residential use.

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2. Pursuant to 2 Construction Work Planning Permits—Jian Zi Di Nos. 511422202000010 and 511422202000011 in favour of Sichuan Changshoufang, Meishan Changshoufang with a total gross floor area of approximately 181,668.68 sq.m. has been approved for construction.
3. Pursuant to 2 Construction Work Commencement Permits—Nos. 511422202005280101 and 511422202008120101 in favour of Sichuan Changshoufang, permission by the relevant local authority was given to commence the construction of Meishan Changshoufang with a total gross floor area of approximately 181,668.68 sq.m.
4. Pursuant to 2 Pre-sale Permits—2020 Fang Yu Shou Zheng Di Nos. 030 and 038 in favour of Sichuan Changshoufang, the Group is entitled to sell portions of Meishan Changshoufang (representing a total gross floor area of approximately 50,953.76 sq.m.) to purchasers.
5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	127,508.10	
	Retail	18,676.72	
	Ancillary	61.12	
	Car parking spaces	30,225.74	1,124
	Others	<u>5,197.00</u>	
	Total:	<u>181,668.68</u>	<u>1,124</u>

6. As advised by the Group, various residential units with a total planned gross floor area of approximately 7,848.46 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB60,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,515,000,000.
8. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB8,500 per sq.m. for residential units, RMB17,000 to RMB20,000 per sq.m. for retail units on the first floor, and RMB80,000 to RMB90,000 per sq.m. for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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9. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
10. Pursuant to an Enforcement Ruling dated 7 September 2020, portions of No. 3 Building of the property with a total gross floor area of approximately 12,200.00 sq.m. are subject to a sequestration for a period of three years.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Sichuan Changshoufang is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Sichuan Changshoufang has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Sichuan Changshoufang has obtained all requisite construction work approvals in respect of the actual development progress of the property;
 - c. Sichuan Changshoufang has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits; and
 - d. Portions of No. 3 Building of the property with Pre-sale Permits are subject to a sequestration, Sichuan Changshoufang has the rights to occupy and use the sequestered portions, but the transfer and mortgage of them would be subject to the release of of sequestration.
12. A summary of major certificates/approvals is shown as follows:

a. Real Estate Title Certificate (Land)	Yes
b. Construction Work Planning Permit	Yes
c. Construction Work Commencement Permit	Yes
d. Pre-sale Permit	Portion
e. Construction Work Completion and Inspection Certificate/Table/Report	N/A
f. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
14.	Panzhihua Leading Yangguang Huacheng located at Ganbatang Area Huacheng New District Panzhihua City Sichuan Province The PRC (攀枝花領地陽光花城)	Panzhihua Leading Yangguang Huacheng is located at ganbatang area, Huacheng New District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property comprises 6 parcels of land with a total site area of approximately 186,790.86 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in December 2022, upon completion, the property will have a total planned gross floor area of approximately 506,692.94 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB3,007,000,000, of which approximately RMB1,757,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 2 May 2088 for residential use and 2 May 2058 for commercial service use.	As at the valuation date, the property was under construction.	1,759,000,000 (100.0% interest attributable to the Group: RMB1,759,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—5104—2018-S012 dated 16 May 2018, the land use rights of a parcel of land with a site area of approximately 186,790.86 sq.m. were contracted to be granted to Xichang Lingyue Real Estate Development Co., Ltd. (西昌領悅房地產開發有限公司) for terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,170,000,000.
- Pursuant to a State-owned Land Use Rights Grant Contract Alteration Agreement dated 22 May 2018, the land use rights mentioned in note 1 were contracted to be granted to Pangzhihua Lingyue Real Estate Development Co., Ltd. (攀枝花領悅房地產開發有限公司, “Panzhihua Lingyue”, a wholly-owned subsidiary of the Company).

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3. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510401201806030, permission towards the planning of the aforesaid land parcel with a site area of approximately 186,790.86 sq.m. has been granted to Panzhihua Lingyue.
4. Pursuant to 6 Real Estate Title Certificates (Land)—Chuan (2018) Pan Zhi Hua Bu Dong Chan Quan Di Nos. 0026145 to 0026150, the land use rights of the land parcels with a total site area of approximately 186,790.86 sq.m. have been granted to Panzhihua Lingyue for terms expiring on 2 May 2088 for residential use and 2 May 2058 for commercial service use.
5. Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 510401201809050, 510401201901005, 510401201909040 and 510401202003016 in favour of Panzhihua Lingyue, Panzhihua Leading Yangguang Huacheng with a total gross floor area of approximately 509,838.74 sq.m. has been approved for construction.
6. Pursuant to 4 Construction Work Commencement Permits—Nos. 510411201811290101, 510411201912270201, 510411201904080101 and 510411202004300301 in favour of Panzhihua Lingyue, permission by the relevant local authority was given to commence the construction of Panzhihua Leading Yangguang Huacheng with a total gross floor area of approximately 506,692.94 sq.m.
7. Pursuant to 24 Pre-sale Permits—Pan Jian (2018) Fang Yu Shou Zheng Nos. 36 and 46, Pan Jian (2019) Fang Yu Shou Zheng Nos. 6, 16, 22, 24, 29, 34, 40, 42, 49, 67 and 72 and Pan Jian (2020) Fang Yu Shou Zheng Nos. 1, 2, 13, 26, 38, 54, 56, 60, 61, 66 and 67 in favour of Panzhihua Lingyue, the Group is entitled to sell portions of Panzhihua Leading Yangguang Huacheng (representing a total gross floor area of approximately 262,168.15 sq.m.) to purchasers.
8. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	371,045.13	
	Retail	25,015.11	
	Ancillary	5,310.77	
	Car Parking Spaces	79,662.93	2,229
	Others	25,659.00	
Total:		<u>506,692.94</u>	<u>2,229</u>

9. As advised by the Group, various residential and retail units and car parking spaces with a total gross floor area of approximately 190,467.55 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,461,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,470,000,000.

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11. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB7,500 per sq.m. for high-rise residential units, RMB9,500 to RMB12,000 per sq.m. for middle-rise residential units, RMB20,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB85,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
12. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Panzhihua Lingyue is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 4. As land use rights are subject to mortgage, Panzhihua Lingyue has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Panzhihua Lingyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Panzhihua Lingyue has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
15. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
15.	Xichang Yueqionghai located at Jianchangshui Town East extension of Aerospace Avenue Xichang City Sichuan Province The PRC (西昌悦邛海)	Xichang Yueqionghai is located at Jianchangshui Town, east extension of Aerospace Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property comprises 2 parcels of land with a total site area of approximately 65,967.96 sq.m., which is being developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in December 2021, upon completion, the property will have a planned gross floor area of approximately 280,996.12 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB2,983,000,000, of which approximately RMB2,336,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 18 October 2088 and 28 November 2088 for residential use.	As at the valuation date, the property was under construction.	2,515,000,000 (95.0% interest attributable to the Group: RMB2,389,250,000)

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts—2018-D-03-01 and 2018-D-03-03 dated 27 April 2018, the land use rights of 2 parcels of land with a total site area of approximately 65,967.96 sq.m. were contracted to be granted to Xichang Lingchuang Real Estate Development Co., Ltd. (西昌領創房地產開發有限公司, “Xichang Lingchuang”, a 95.0%-owned subsidiary of the Company) for terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,508,000,000.
- Pursuant to a Construction Land Planning Permit—Xi Gui Jian Zhu Di Zi Di No. (5134012018)39, permission towards the planning of the aforesaid land parcels with a total site area of approximately 65,967.96 sq.m. has been granted to Xichang Lingchuang.

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3. Pursuant to 2 Real Estate Title Certificates (Land)—Chuan 2018 Xi Chang Shi Bu Dong Chan Quan Di Nos. 0010343 and 0011812, the land use rights of the aforesaid land parcels with a total site area of approximately 65,967.96 sq.m. have been granted to Xichang Lingchuang for terms expiring on 18 October 2088 and 28 November 2088 for residential use.
4. Pursuant to 2 Construction Work Planning Permits—Xi Gui Jian Zhu Jian Zi Di No. (5134012018) 58 and Jian Zi Di No. 513401202000030 in favour of Xichang Lingchuang, Xichang Yueqionghai with a total gross floor area of approximately 280,996.12 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—513401201810310101 and 513401201907050101 in favour of Xichang Lingchuang, permission by the relevant local authority was given to commence the construction of Xichang Yueqionghai with a total gross floor area of approximately 284,404.31 sq.m.
6. Pursuant to 10 Pre-sale Permits—Xi Shi (2018) Fang Yu Shou Zheng Di No.71, Xi Shi (2019) Fang Yu Shou Zheng Di Nos. 63, 66, 74 and 79, Xi Shi (2020) Fang Yu Shou Zheng Di Nos. 22, 51, 52, 84 and 104 in favour of Xichang Lingchuang, the Group is entitled to sell portions of Xichang Yueqionghai (representing a total gross floor area of approximately 141,797.41 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	196,116.31	
	Retail	1,285.09	
	Ancillary	8,236.15	
	Car Parking Spaces	64,150.37	1,976
	Others	11,208.20	
	Total:	280,996.12	1,976

8. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 101,986.81 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,190,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,735,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB11,000 to RMB13,500 per sq.m. for residential units, RMB20,000 to RMB22,000 per sq.m. for retail units on the first floor and RMB110,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xichang Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3. As land use rights are subject to a mortgage, Xichang Lingchuang has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - b. Xichang Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xichang Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
16.	The unsold units of Xichang Leading Lantai House located at the southern side of Haihe Road the northern side of Nanshan Avenue Yaoshan Village Xijiao Town Xichang City Sichuan Province The PRC (西昌領地蘭台府)	Xichang Leading Lantai House is located at the southern side of Haihe Road, the northern side of Nanshan Avenue, Yaoshan Village, Xijiao Town. It is well-served by public transportation. The locality is a mature residential and commercial area. The project occupies 10 parcels of land with a total site area of approximately 99,752.20 sq.m., which is a residential and commercial development completed between 2018 and 2019. The property comprises the unsold units of Xichang Leading Lantai House with a total gross floor area of approximately 19,351.21 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 3 July 2087 and 5 December 2087 for residential use, and 3 July 2057 and 5 December 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	158,000,000 (95.0% interest attributable to the Group: RMB150,100,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 2 January 2017 and a Supplementary Contract dated 12 December 2017, the land use rights of 10 parcels of land on which the property is located with a total site area of approximately 99,753.58 sq.m. were contracted to be granted to Xichang Weichuang Real Estate Development Co., Ltd. (西昌唯創房地產開發有限公司, “Xichang Weichuang”, a 95.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB595,000,000.
- Pursuant to a Construction Land Planning Permit—Xi Gui Jian Zhu Di Zi No. 513401201736, permission towards the planning of the aforesaid land parcels with a total site area of approximately 99,809.01 sq.m. has been granted to Xichang Weichuang.

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3. Pursuant to 10 Real Estate Title Certificates (Land)—Chuan (2017) Xi Chang Shi Bu Dong Chan Quan Di Nos. 0002864, 0002869 to 0002871, 0005212, 0005209, 0005285, 0005286, 0005352 and 0005353, the land use rights of the aforesaid land parcels with a total site area of approximately 99,752.20 sq.m. have been granted to Xichang Weichuang for terms expiring on 3 July 2087 and 5 December 2087 for residential use, and 3 July 2057 and 5 December 2057 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits—Xi Gui Jian Zhu Jian Zi Di Nos. 513401201745 and 513401201746 in favour of Xichang Weichuang, Xichang Leading Lantai House with a total gross floor area of approximately 210,745.36 sq.m. (including the property) has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 513401201708286601 and 513401201712119101 in favour of Xichang Weichuang, permission by the relevant local authority was given to commence the construction of Xichang Leading Lantai House with a total gross floor area of approximately 210,745.36 sq.m. (including the property).
6. Pursuant to 13 Pre-sale Permits—Xi Shi (2017) Fang Yu Shou Zheng Di Nos. 29 and 32, Xi Shi (2018) Fang Yu Shou Zheng Di Nos. 8, 9, 16, 21, 27, 28, 36, 57 and 67, Xi Shi (2019) Fang Yu Shou Zheng Di Nos. 17 and 21 in favour of Xichang Weichuang, the Group is entitled to sell portions of Xichang Leading Lantai House (representing a total gross floor area of approximately 182,111.31 sq.m. (including the property)) to purchasers.
7. Pursuant to 3 Construction Work Completion and Inspection Tables in favour of Xichang Leading Lantai House, the construction of Xichang Leading Lantai House with a total gross floor area of approximately 204,207.74 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group II—held for sale by the Group	Residential	319.61	
	Retail	5,071.13	
	Car parking space	13,960.47	451
	Total:	19,351.21	451

9. As advised by the Group, various residential and retail units and car parking spaces with a total gross floor area of approximately 4,207.12 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB56,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB12,000 to RMB14,000 per sq.m. for residential units, RMB20,000 to RMB30,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xichang Weichuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3. As land use rights are subject to a mortgage, Xichang Weichuang has the rights to occupy and use the property, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Xichang Weichuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xichang Weichuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
14. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
17.	Xichang Leading Haiyueli located at Lianhe, Wangjia and Zhanglin Villages Gaojian Town Xichang City Sichuan Province The PRC (西昌領地 • 海月里)	Xichang Leading Haiyueli is located at 3 villages of Lianhe, Wangjia and Zhanglin, Gaojian Town. It enjoys graceful landscape. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 41,652.02 sq.m., which is being developed into a commercial development. As advised by the Group, the property is scheduled to be completed in May 2021, upon completion, the property will have a total planned gross floor area of approximately 81,115.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB644,000,000, of which approximately RMB423,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 12 September 2058 for commercial use.	As at the valuation date, the property was under construction.	654,000,000 (53.0% interest attributable to the Group: RMB346,620,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 15 August 2017, the land use rights of 2 parcels of land with a total site area of approximately 41,652.02 sq.m. were contracted to be granted to Xichang Haicheng Tourism Development Co., Ltd. (西昌市海誠旅遊開發有限公司, “Xichang Haicheng”, a 53.0%-owned subsidiary of the Company) for a term of 40 years for commercial use commencing from the land delivery date. The land premium was RMB196,000,000.
- Pursuant to a Construction Land Planning Permit—Xi Gui Jian Zhu Di Zi No. 513401201822, permission towards the planning of the aforesaid land parcels with a total site area of approximately 41,652.02 sq.m. has been granted to Xichang Haicheng.

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3. Pursuant to 2 Real Estate Title Certificates (Land)—Chuan (2018) Xi Chang Shi Bu Dong Chan Quan Di Nos. 0009247 and 0009248, the land use rights of the aforesaid land parcels with a total site area of approximately 41,652.02 sq.m. have been granted to Xichang Haicheng for a term expiring on 12 September 2058 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Xi Gui Jian Zhu Jian Zi Di No. 513401 (2018) 40 in favour of Xichang Haicheng, Xichang Leading Haiyueli with a gross floor area of approximately 81,115.00 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 513401201809290101 in favour of Xichang Haicheng, permission by the relevant local authority was given to commence the construction of Xichang Leading Haiyueli with a gross floor area of approximately 81,115.00 sq.m.
6. Pursuant to 5 Pre-sale Permits—Xi Shi (2018) Fang Yu Shou Zheng Di No. 62, Xi Shi (2019) Fang Yu Shou Zheng Di Nos. 9 and 29, Xi Shi (2020) Fang Yu Shou Zheng Di Nos. 13 and 14 in favour of Xichang Haicheng, the Group is entitled to sell portions of Xichang Leading Haiyueli (representing a total gross floor area of approximately 79,367.99 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Commercial	63,256.32	
	Ancillary	440.00	
	Car Parking Spaces	16,774.33	361
	Others	<u>644.35</u>	
	Total:	<u>81,115.00</u>	<u>361</u>

8. As advised by the Group, various commercial units with a total gross floor area of approximately 57,541.44 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB896,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB980,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB21,000 to RMB30,000 per sq.m. for retail units on the first floor, RMB11,000 to RMB13,000 per sq.m. for apartment units and RMB70,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xichang Haicheng is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3;
 - b. Xichang Haicheng has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xichang Haicheng has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
18.	91 car parking spaces of Xichang Lantai House (Qingyun) located at Chensuo Village Gaojian Town Xichang City Sichuan Province The PRC (西昌蘭台府 • 青沅)	Xichang Lantai House (Qingyun) is located at Chensuo Village, Gaojian Town. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The project occupies a parcel of land with a site area of approximately 16,896.49 sq.m., which is a residential and commercial development completed in 2019. The property comprises the unsold 91 car parking spaces of the project with a total gross floor area of approximately 1,773.97 sq.m.. The land use rights of the property have been granted for a term expiring on 13 September 2087 for residential use.	As at the valuation date, the property was vacant for sale.	10,000,000 (95.0% interest attributable to the Group: RMB9,500,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 17 May 2017, the land use rights of a parcel of land with a site area of approximately 16,896.49 sq.m. were contracted to be granted to Xichang Lingchuang Real Estate Development Co., Ltd. (西昌領創房地產開發有限公司, “Xichang Lingchuang”, a 95.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB108,000,000.
- Pursuant to a Construction Land Planning Permit—Xi Gui Jian Zhu Di Zi Di No. 513401201751, permission towards the planning of the aforesaid land parcel with a site area of approximately 16,896.49 sq.m. has been granted to Xichang Lingchuang.
- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2017) Xi Chang Shi Bu Dong Chan Quan Di No. 0003910, the land use rights of the aforesaid land parcel on which the property is located with a site area of approximately 16,896.49 sq.m. have been granted to Xichang Lingchuang for a term expiring on 13 September 2087 for residential use.
- Pursuant to a Construction Work Planning Permit—Xi Gui Jian Zhu Jian Zi Di No. (5134012017)72 in favour of Xichang Lingchuang, Xichang Lantai House (Qingyun) with a gross floor area of approximately 49,286.61 sq.m. (including the property) has been approved for construction.

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5. Pursuant to a Construction Work Commencement Permit—No. 513401201711098201 in favour of Xichang Lingchuang, permission by the relevant local authority was given to commence the construction of Xichang Lantai House (Qingyun) with a gross floor area of approximately 49,286.61 sq.m. (including the property).
6. Pursuant to 4 Pre-sale Permits—Xi Shi (2017) Fang Yu Shou Zheng Di No. 46, Xi Shi (2018) Fang Yu Shou Zheng Di Nos. 11, 16 and 35 in favour of Xichang Lingchuang, the Group is entitled to sell portions of Xichang Lantai House (Qingyun) (representing a total gross floor area of approximately 44,447.56 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate dated 21 October 2019 in favour of Xichang Lingchuang, the construction of Xichang Lantai House (Qingyun) with a gross floor area of approximately 49,089.30 sq.m. has been completed and passed the inspection acceptance.
8. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB90,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
9. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xichang Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3.
 - b. Xichang Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xichang Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
10. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
11. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
19.	Unsold units of Xichang Leading Kaixuan International Mansion No. 599 Aerospace Avenue Xichang City Sichuan Province The PRC (西昌領地凱旋國際公館)	Xichang Leading Kaixuan International Mansion is located at No. 599 Aerospace Avenue. It is well-served by public transportation and enjoys graceful landscape. The locality is a residential area with various retail units, schools and parks. The project occupies a parcel of land with a site area of approximately 33,286.73 sq.m., which is a residential and commercial development completed between 2016 and 2017. The property comprises the unsold units of Xichang Leading Kaixuan International Mansion with a total gross floor area of approximately 3,337.81 sq.m. The classification, usage and gross floor area details of the property are set out in note 6. The land use rights of the property have been granted for terms expiring on 13 August 2084 for residential use and 13 August 2054 for commercial use.	As at the valuation date, the property was vacant for sale.	9,000,000 (82.5% interest attributable to the Group: RMB7,425,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Xi Shi Guo Yong (2014) Di No. 3708, the land use rights of a parcel of land on which the property is located with a site area of approximately 33,286.73 sq.m. have been granted to Xichang Leading Real Estate Development Co., Ltd. (西昌領地房地產開發有限公司, “Xichang Leading”, a 82.5%-owned subsidiary of the Company) for terms expiring on 13 August 2084 for residential use and 13 August 2054 for commercial use.
- Pursuant to 2 Construction Work Planning Permits—Xi Gui Jian Zhu Jian Zi Di Nos. 2014126 and 2015018 in favour of Xichang Leading, Xichang Leading Kaixuan International Mansion with a total gross floor area of approximately 164,557.19 sq.m. has been approved for construction.
- Pursuant to 2 Construction Work Commencement Permits—Nos. 513401201412048401 and 513401201503122501 in favour of Xichang Leading, permission by the relevant local authority was given to commence the construction of Xichang Leading Kaixuan International Mansion with a total gross floor area of approximately 164,557.19 sq.m.

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4. Pursuant to 11 Pre-sale Permits—Xi Shi (2015) Fang Yu Shou Zheng Di Nos. 02, 07, 09, 10, 11, 15, 22 and 25, and Xi Shi (2016) Fang Yu Shou Zheng Di Nos. 02, 03 and 08 in favour of Xichang Leading, the Group is entitled to sell portions of Xichang Leading Kaixuan International Mansion (representing a total gross floor area of approximately 161,642.94 sq.m.) to purchasers.
5. Pursuant to 3 Construction Work Completion and Inspection Certificates—Bei Nos. 2016-36, 2016-37 and 2017-7 in favour of Xichang Leading, the construction of Xichang Leading Kaixuan International Mansion with a total gross floor area of approximately 166,250.01 sq.m. has been completed and passed the inspection acceptance.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of car parking space</u>
Group II—held for sale by the Group	Retail	436.91	
	Car parking spaces	<u>2,900.90</u>	<u>77</u>
	Total:	<u>3,337.81</u>	<u>77</u>

7. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB2,500 to RMB3,000 per sq.m. for retail units on basement level 1 and RMB90,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Xichang Leading has not obtained the building ownership rights of the property. The property was constructed on the land of which Xichang Leading has legally obtained the land use rights, and the property has obtained all requisite construction work approvals and has been completed and passed the inspection acceptance. Xichang Leading has the rights to legally occupy, use and lease and dispose of the property.
9. A summary of major certificates/approvals is shown as follows:
 - a. State-owned Land Use Rights Certificate Yes
 - b. Construction Work Planning Permit Yes
 - c. Construction Work Commencement Permit Yes
 - d. Pre-sale Permit Yes
 - e. Construction Work Completion and Inspection Certificate/Table/Report Yes
 - f. Building Ownership Certificate/Real Estate Title Certificate (Building) No
10. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
20.	Xichang Leading Jinxiu Lantai located at Zhonghang Dong Road West New Town Xichang City Sichuan Province The PRC (西昌領地錦綉蘭台)	Xichang Leading Jinxiu Lantai is located at Zhonghang Dong Road, West New Town. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 62,577.95 sq.m., which is being developed into a residential development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in July 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 155,025.25 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 57,435.80 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB824,000,000, of which approximately RMB429,000,000 had been paid up to the valuation date The land use rights of the property have been granted for a term expiring on 27 October 2089 for residential use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	767,000,000 (80.0% interest attributable to the Group: RMB613,600,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 25 July 2019, the land use rights of a parcel of land with a site area of approximately 62,577.95 sq.m. were contracted to be granted to Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒量房地產開發有限公司, “**Xichang Hengliang**”, an 80.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB361,000,000.

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2. Pursuant to 2 Construction Land Planning Permits—Xi Gui Jian Zhu Di Zi Nos. 513401201982 and 513401202000024, permission towards the planning of the aforesaid land parcel with a total site area of approximately 62,577.95 sq.m. has been granted to Xichang Hengliang.
3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Xi Chang Shi Bu Dong Chan Quan Di No. 0009275, the land use rights of the aforesaid land parcel with a site area of approximately 62,577.95 sq.m. have been granted to Xichang Hengliang for a term expiring on 27 October 2089 for residential use.
4. Pursuant to 2 Construction Work Planning Permits—Xi Gui Jian Zhu Jian Zi Di Nos. 513401201995 and 513401202000021 in favour of Xichang Hengliang, the CIP of Xichang Leading Jinxiu Lantai with a total gross floor area of approximately 155,025.25 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 513401201911010101 and 513401202007170101 in favour of Xichang Hengliang, permission by the relevant local authority was given to commence the construction of the CIP of Xichang Leading Jinxiu Lantai with a total gross floor area of approximately 155,025.25 sq.m.
6. Pursuant to 14 Pre-sale Permits—Xi Shi (2019) Fang Yu Shou Zheng Di Nos. 100 to 102 and 106, Xi Shi (2020) Fang Yu Shou Zheng Di Nos. 006, 007, 015, 042 to 045, 062, 093 and 106 in favour of Xichang Hengliang, the Group is entitled to sell portions of the CIP of Xichang Leading Jinxiu Lantai (representing a total gross floor area of approximately 116,277.92 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group (CIP)	Residential	115,003.42	
	Retail	1,469.07	
	Ancillary	4,444.29	
	Car Parking Spaces	34,108.47	1,046
	Sub-total:	155,025.25	1,046
Group V—held for future development by the Group (Land Portion)	Residential	55,911.08	
	Retail	1,524.72	
	Ancillary	2,844.90	
	Car Parking Spaces	18,948.74	659
	Others	5,600.00	
	Sub-total:	84,829.44	659
	Total:	239,854.69	1,705

8. As advised by the Group, various residential units with a total gross floor area of approximately 79,700.98 sq.m. of the CIP of the property have been pre-sold to various third parties at a total consideration of RMB680,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the CIP of the property, we have taken into account the contracted prices of such portions of the property.

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9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,115,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB8,300 to RMB9,500 per sq.m. for residential units, RMB16,000 to RMB23,000 per sq.m. for retail units on the first floor and RMB90,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
 - b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB2,000 to RMB2,800 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xichang Hengliang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3. As land use rights are subject to a mortgage, Xichang Hengliang has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - b. Xichang Hengliang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xichang Hengliang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Portion
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

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14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group IV—held under development by the Group	614,000,000	80.0%	491,200,000
Group V—held for future development by the Group	<u>153,000,000</u>	<u>80.0%</u>	<u>122,400,000</u>
Total:	<u>767,000,000</u>	<u>80.0%</u>	<u>613,600,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
21.	Urumqi Leading Lantai House No. 616 of Zhungere Street Shuimogou District Urumqi City Xinjiang Uygur Autonomous Region The PRC (烏魯木齊領地 • 蘭台府)	Urumqi Leading Lantai House is located at No. 616 of Zhungere Street, Shuimogou District. The locality is a mature residential area where public facilities such as municipal facilities and amenities are well developed. The property comprises a parcel of land with a site area of approximately 103,928.47 sq.m., which is being developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in September 2021. As advised by the Group, upon completion, the CIP will have a planned gross floor area of approximately 185,101.15 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 80,138.65 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,067,000,000, of which approximately RMB720,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 8 June 2064 for residential use and 8 June 2054 for commercial service use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	1,037,000,000 (95.3% interest attributable to the Group: RMB988,261,000)

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract—6501002014B03930 dated 22 July 2014 and a Supplementary Contract dated 25 July 2017, the land use rights of a parcel of land with a site area of approximately 103,928.47 sq.m. were contracted to be granted to Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd. (新疆兆龍誠祥房地產開發有限公司,

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“Xinjiang Zhaolong”, a 95.3%-owned subsidiary of the Company) for terms of 40 years for commercial service use and 50 years for residential use commencing from the land delivery date. The total land premium was RMB48,250,000.

2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 650105201801244, permission towards the planning of the aforesaid land parcel with a site area of approximately 103,928.47 sq.m. has been granted to Xinjiang Zhaolong.
3. Pursuant to a Real Estate Title Certificate (Land)—Wu Lu Mu Qi Bu Dong Chan Quan Di No. 0061180, the land use rights of the aforesaid land parcel with a site area of approximately 103,928.47 sq.m. have been granted to Xinjiang Zhaolong for terms expiring on 8 June 2064 for residential use and 8 June 2054 for commercial service use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 650105201801111 in favour of Xinjiang Zhaolong, the CIP of Urumqi Leading Lantai House with a total planned gross floor area of approximately 185,101.15 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits—No. 6501012018112801010143, 6501012019061401010071 and 6501012019080901010090 in favour of Xinjiang Zhaolong, permissions by the relevant local authority were given to commence the construction of the CIP of Urumqi Leading Lantai House with a total planned gross floor area of approximately 185,101.15 sq.m.
6. Pursuant to 7 Pre-sale Permits—Wu Fang Yu Xu Zi 2018120954 to 2018120956, Wu Fang Yu Xu Zi 2019080387 to 2019080388 and Wu Fang Yu Xu Zi 2019110768 to 2019110769 in favour Xinjiang Zhaolong, the Group is entitled to sell portions of Urumqi Leading Lantai House (representing a total gross floor area of approximately 125,340.25 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	140,248.01	
	Retail	306.94	
	Ancillary	3,149.40	
	Car parking spaces	29,773.80	811
	Others	11,623.00	
	Sub-total:	185,101.15	811
Group V—held for future development by the Group (Land Portion)	Commercial	79,428.68	
	Ancillary	710.00	
	Car parking spaces	24,100.47	N/A
	Sub-total:	104,239.15	N/A
	Total:	289,340.30	811

8. As advised by the Group, various residential and retail units and car parking spaces with a total planned gross floor area of approximately 102,724.58 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB925,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

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9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,405,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB9,200 to RMB10,000 per sq.m. for residential units, RMB35,000 to RMB37,000 per sq.m for retail units on the first floor basis and RMB100,000 to RMB120,000 per space for car parking space. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
 - b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB2,000 to RMB3,000 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xinjiang Zhaolong is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Xinjiang Zhaolong has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - b. Xinjiang Zhaolong has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xinjiang Zhaolong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Portion
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

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14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group IV—held under development by the Group	878,000,000	95.3%	836,734,000
Group V—held for future development by the Group	<u>159,000,000</u>	<u>95.3%</u>	<u>151,527,000</u>
Total:	<u>1,037,000,000</u>	<u>95.3%</u>	<u>988,261,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
22.	Urumqi Leading Tianyu located at the southern side of Hongguangshan Road Shuimogou District Urumqi City Xinjiang Uygur Autonomous Region The PRC (烏魯木齊領地 • 天嶼)	Urumqi Leading Tianyu is located at the southern side of Hongguangshan Road, Shuimogou District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 115,427.86 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in June 2022, upon completion, the property will have a planned gross floor area of approximately 311,578.20 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 6. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,376,000,000, of which approximately RMB407,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 7 February 2054 for commercial use and 7 February 2064 for residential use.	As at the valuation date, the property was under construction.	857,000,000 (100.0% interest attributable to the Group: RMB857,000,000)

Notes:

- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 650105201900816, permission towards the planning of a parcel of land with a site area of approximately 115,427.86 sq.m. has been granted to Xinjiang Minbai Real Estate Development Co, Ltd. (新疆民佰房地產開發有限公司, “Xinjiang Minbai”, a wholly-owned subsidiary of the Company).
- Pursuant to 2 Real Estate Title Certificates (Land)—Xin (2019) Wu Lu Mu Qi Shi Bu Dong Chan Quan Di Nos. 0022137 and 0022140, the land use rights of the land parcels with a total site area of approximately 115,427.86 sq.m. have been granted to Xinjiang Minbai for terms expiring on 7 February 2054 for commercial use and 7 February 2064 for residential use.

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3. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 650105201901379 in favour of Xinjiang Minbai, Urumqi Leading Tianyu with a gross floor area of approximately 311,578.20 sq.m. has been approved for construction.
4. Pursuant to 3 Construction Work Commencement Permits—Nos. 6501012019100901010124, 650105202006110101 and 650105202003200101 in favour of Xinjiang Minbai, permissions by the relevant local authority was given to commence the construction of Urumqi Leading Tianyu with a total gross floor area of approximately 311,578.20 sq.m.
5. Pursuant to 13 Pre-sale Permits—Wu Fang Yu Xu Zi 2019110777 to 2019110780, 2020040051, and 2020060223 to 2020060227, and 2020090364 to 2020090366 in favour of Xinjiang Minbai, the Group is entitled to sell portions of Urumqi Leading Tianyu (representing a total gross floor area of approximately 123,471.22 sq.m.) to purchasers.
6. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	193,376.90	
	Retail	48,136.93	
	Ancillary	8,866.47	
	Car parking spaces	41,744.90	1,808
	Others	19,453.00	
	Total:	311,578.20	1,808

7. As advised by the Group, various residential units with a total gross floor area of approximately 66,023.30 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB493,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,319,000,000.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB8,500 per sq.m. for residential units, RMB16,000 to RMB22,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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10. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Xinjiang Minbai is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Xinjiang Minbai has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - b. Xinjiang Minbai has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Xinjiang Minbai has the rights to legally pre-sell the portions of the property mentioned in note 5 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
23.	Korla Leading Lantai House located at Yanan Road Korla City Xinjiang Uygur Autonomous Region The PRC (庫爾勒領地 • 蘭台府)	Korla Leading Lantai House is located at the eastern side of Yanan Road enjoying graceful landscape. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 63,623.88 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in November 2022, upon completion, the property will have a planned gross floor area of approximately 167,752.05 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB532,000,000, of which approximately RMB344,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 22 July 2068 for residential use and 22 July 2058 for commercial use.	As at the valuation date, the property was under construction.	401,000,000 (100.0% interest attributable to the Group: RMB401,000,000)

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts—Ku (Gua) G2018–13 and Ku (Gua) G2018–14 dated 15 August 2018, the land use rights of 2 parcels of land with a total site area of approximately 67,242.34 sq.m. were contracted to be granted to Korla Lingchuang Real Estate Development Co., Ltd. (庫爾勒領創房地產開發有限公司, “Korla Lingchuang”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB125,324,000.

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2. Pursuant to 2 Construction Land Planning Permits—Di Zi Di Nos. 652800201800063 and 652800201800064, permission towards the planning of the aforesaid land parcels with a total site area of approximately 67,242.30 sq.m. has been granted to Korla Lingchuang.
3. Pursuant to 2 Real Estate Title Certificates (Land)—Xin (2019) Ku Er Le Shi Bu Dong Chan Quan Di Nos. 00002373 and 00025579, the land use rights of the property with a total site area of approximately 63,623.88 sq.m. have been granted to Korla Lingchuang for terms expiring on 22 July 2068 for residential use and 22 July 2058 for commercial use.
4. Pursuant to 10 Construction Work Planning Permits—Jian Zi Di Nos. 652800201900217 and 652800201900218, and 652800201800361 to 652800201800368 in favour of Korla Lingchuang, Korla Leading Lantai House with a total gross floor area of approximately 167,722.05 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 652801201908210101 and 652801201810180201 in favour of Korla Lingchuang, permission by the relevant local authority was given to commence the construction of Korla Leading Lantai House with a total gross floor area of approximately 167,752.05 sq.m.
6. Pursuant to 17 Pre-sale Permits—Xin Jian Fang Xu Zi (2018) Nos. 041 to 043, and Xin Jian Fang Xu Zi Nos. 2019037, 2019038, 2019078, 2019149 to 2019152, 2020009, 2020010, 2020041, 2020042, 2020053, 2020074 and 2020075 in favour of Korla Lingchuang, the Group is entitled to sell portions of Korla Leading Lantai House (representing a total gross floor area of approximately 133,475.24 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	132,512.37	
	Retail	2,645.23	
	Car parking spaces	21,981.52	855
	Ancillary	2,739.93	
	Others	<u>7,873.00</u>	
	Total:	<u>167,752.05</u>	<u>855</u>

8. As advised by the Group, various residential and retail units, and car parking spaces with a total gross floor area of approximately 111,846.97 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB537,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB737,000,000.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB4,000 to RMB5,500 per sq.m. for residential units, RMB20,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Korla Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3;
 - b. Korla Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Korla Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
24.	Portions of Korla Leading Kaixuan Mansion No. 6 Shihuada Road Korla City Xinjiang Uygur Autonomous Region The PRC (庫爾勒領地凱旋公館)	Korla Leading Kaixuan Mansion is located at No. 6 Shihuada Road. It is well-served by public transportation. The locality is a mature residential and commercial area. The project occupies 4 parcels of land with a total site area of approximately 87,933.32 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2016 (the “Completed Portion”). The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in October 2021, upon completion, the CIP will have a planned gross floor area of approximately 87,222.29 sq.m. The property comprises the unsold units of the Completed Portion and the CIP of Korla Leading Kaixuan Mansion with a total gross floor area of approximately 117,010.50 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB322,000,000, of which approximately RMB96,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring between 29 July 2059 and 22 September 2061 for residential use and 5 July 2051 and 22 September 2051 for commercial use.	As at the valuation date, the unsold units of the Completed Portion were vacant for sale and the CIP was under construction.	128,000,000 (85.0% interest attributable to the Group: RMB108,800,000) (Refer to note 10)

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Notes:

1. Pursuant to 4 State-owned Land Use Rights Certificates—Ku Er Le Guo Yong (2011) Di No. 00000696, Ku Shi Guo Yong (2012) Di No. 00000338, Xin (2018) Ku Er Le Shi Bu Dong Chan Quan Di Nos. 00000312 and 00001429, the land use rights of 4 parcels of land on which the property is located with a total site area of approximately 87,933.32 sq.m. (including the property) have been granted to Xinjiang Leading Real Estate Development Co., Ltd. (新疆領地房地產開發有限公司, “**Xinjiang Leading**”, a 85.0%-owned subsidiary of the Company) for terms of 50 years expiring between 29 July 2059, 8 October 2060, 5 July 2061 and 22 September 2061 for residential use and 5 July 2051 and 22 September 2051 for commercial use.
2. Pursuant to 10 Construction Work Planning Permits—Jian Zi Di Nos. 652801201400635, 652801201400636, 652801201400658, 652801201500479, 652801201500480, 652801201500481, 652801201600021, 652801201700201, 652801201900065 and 652801201900166 in favour of Xinjiang Leading, Korla Leading Kaixuan Mansion with a total gross floor area of approximately 461,320.08 sq.m. (including the property) has been approved for construction.
3. Pursuant to 5 Construction Work Commencement Permits—Nos. 652801201504300101, 652801201510150101, 652801201604220101 and 652801201611030101, 652801201907150101 in favour of Xinjiang Leading, permissions by the relevant local authority were given to commence the construction of Leading Kaixuan Gongguan with a total gross floor area of approximately 455,898.22 sq.m. (including the property).
4. Pursuant to 16 Pre-sale Permits—Xin Jian Fang Xu Zi (2015) Nos. 01, 102, 259, 260, Xin Jian Fang Xu Zi (2016) Nos. 096 to 098, Xin Jian Fang Xu Zi (2017) Nos. 004, 020 to 024 and Xin Jian Fang Xu Zi (2019) Nos. 091 to 093 in favour of Xinjiang Leading, the Group is entitled to sell portions of Korla Leading Kaixuan Mansion (representing a total gross floor area of approximately 374,589.03 sq.m. (including the property)) to purchasers.
5. Pursuant to 13 Construction Work Completion and Inspection Reports in favour of Xinjiang Leading, the construction of Completed Portion of Korla Leading Kaixuan Mansion with a total gross floor area of approximately 347,358.51 sq.m. (including the unsold units of the property) has been completed and passed the inspection acceptance.
6. Pursuant to 4 Real Estate Title Certificates—Xin (2018) Ku Er Le Shi Bu Dong Cha Quan Di Nos. 00006002, 00006003, 00018885 and 00018887, the Completed Portion of the project with a total gross floor area of approximately 111,551.05 sq.m. (including the unsold units of the property) is owned by the Xinjiang Leading. The relevant land use rights have been granted to the Xinjiang Leading for terms of 50 years expiring 22 September 2061 for residential use.

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7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	301.61	
	Retail	3,158.48	
	Car parking spaces	26,328.12	815
	Sub-total:	29,788.21	815
Group IV—held under development by the Group (CIP)	Residential	55,131.28	
	Retail	14,746.13	
	Car parking spaces	7,239.99	237
	Ancillary	2,950.80	
	Others	7,154.09	
	Sub-total:	87,222.29	237
	Total:	117,010.50	1,052

8. As advised by the Group, various residential and retail units and car parking spaces with a total gross floor area of approximately 5,862.43 sq.m. of property in Group II have been pre-sold to various third parties at a total consideration of RMB32,000,000 and various residential units and retail units with a total gross floor area of approximately 33,178.82 sq.m. of the property in Group IV have been pre-sold to various third parties at a total consideration of RMB170,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB394,000,000.
10. As advised by the Group, they could not obtain building ownership certificates for 815 car parking spaces of the Completed Portion of the property with a total gross floor area of approximately 26,328.12 sq.m. Therefore, we have attributed no commercial value to the aforesaid portion of the property. However, for reference purpose, we are of the opinion that the market value of the above portion as at the valuation date would be RMB48,000,000 assuming that they could be freely transferred.
11. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB4,700 to RMB5,800 per sq.m. for residential units, RMB11,000 to RMB13,000 per sq.m. for retail units on the first floor and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Xinjiang Leading is legally and validly in possession of the land use rights of the property according to the relevant Stated-owned Land Use Rights Certificates mentioned in note 1;
 - Xinjiang Leading has obtained all requisite construction work approvals in respect of the actual development progress of the property;
 - Xinjiang Leading has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits; and
 - Xinjiang Leading has legally obtained the building ownership rights of the Completed Portion of the property according to relevant Real Estate Title Certificates mentioned in note 6.
13. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Certificate | Yes |
| b. Construction Work Planning Permit | Yes |
| c. Construction Work Commencement Permit | Yes |
| d. Pre-sale Permit | Portion |
| e. Construction Work Completion and Inspection Report/Certificate/Table/Report | Portion |
| f. Building Ownership Certificate/Real Estate Title Certificate | Portion |
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date</u> RMB	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date</u> RMB
Group II—held for sale by the Group	29,000,000	85.0%	24,650,000
Group IV—held under development by the Group	99,000,000	85.0%	84,150,000
Total:	128,000,000	85.0%	108,800,000

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
25.	Unsold units of Chengde Lantai House located at Mount Yuanbao Shuangtashan Town Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府)	Chengde Lantai House is located at the eastern side of Baoxian Road enjoying graceful landscape. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Chengde Lantai House occupies a parcel of land with a site area of approximately 53,279.11 sq.m., which is a residential and commercial development completed in July 2020. The property comprises the unsold units of Chengde Lantai House with a total gross floor area of approximately 9,753.44 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 24 August 2087 for residential use and 24 August 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	97,000,000 (40.0% interest attributable to the Group: RMB38,800,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. C13080020170011 dated 27 July 2017, the land use rights of a parcel of land with a site area of approximately 53,279.11 sq.m. were contracted to be granted to Chengde Junyue Real Estate Development Co., Ltd. (承德市君越房地產開發有限公司, “Chengde Junyue”, a 40.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB126,200,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 130803201700010, permission towards the planning of the aforesaid land parcel with a site area of approximately 53,279.11 sq.m. has been granted to Chengde Junyue.
- Pursuant to a Real Estate Title Certificate (Land)—Ji (2017) Shuang Luan Qu Bu Dong Chan Quan Di No. 0004183, the land use rights of the aforesaid land parcel on which the property is located with a site area of approximately 53,279.11 sq.m. have been granted to Chengde Junyue for terms expiring on 24 August 2087 for residential use and 24 August 2057 for commercial use.

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4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 130803201800008 in favour of Chengde Junyue, Chengde Lantai House with a planned gross floor area of approximately 85,841.91 sq.m. (including the property) has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 130803201805240101 (Bu) in favour of Chengde Junyue, permission by the relevant local authority was given to commence the construction of Chengde Lantai House with a gross floor area of approximately 85,841.91 sq.m. (including the property).
6. Pursuant to 3 Pre-sale Permits—(Cheng) Fang Yu Shou Zheng Di Zi Nos. 2018030, 2018051 and 018053 in favour of Chengde Junyue, the Group is entitled to sell portions of Chengde Lantai House (representing a total gross floor area of approximately 74,078.46 sq.m. (including the property)) to purchasers.
7. Pursuant to 32 Construction Work Completion and Inspection Certificate—2020SL Nos. 082 to 113 in favour of Chengde Junyue, the construction of Chengde Lantai House with a total gross floor area of approximately 85,832.91 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	6,673.60	
	Commercial	2,032.98	
	Car parking spaces	234.16	8
	Others	812.70	
	Total:	9,753.44	8

9. As advised by the Group, various residential, commercial and ancillary units and car parking spaces with a total gross floor area of approximately 9,316.98 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB94,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB12,000 per sq.m. for residential units, RMB6,000 to RMB7,000 per sq.m. for commercial units and RMB250,000 to RMB300,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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PROPERTY VALUATION REPORT

12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengde Junyue is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Chengde Junyue has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - b. Chengde Junyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengde Junyue has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
14. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
26.	Chengde Lantai House (Yunshang) located at Sicaigou Mount Dayuanbao Shuangtashan Town Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府云上)	Chengde Lantai House (Yunshang) is located at Sicaigou, Mount Dayuanbao, Shuangtashan Town. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property comprises 3 parcels of land with a total site area of approximately 85,482.73 sq.m., which is being developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in April 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 61,947.00 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 47,090.30 sq.m. for composite residential and commercial uses and 51,782.43 sq.m. for commercial use was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 5. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB328,000,000, of which approximately RMB199,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 18 May 2082 and 31 May 2090 for residential use and 10 October 2052 and 31 May 2060 for commercial service use.	As at the valuation date, the CIP of the property was under construction and the Land Portion of the property was bare land for future development.	417,000,000 (51.0% interest attributable to the Group: RMB212,670,000)

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Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates—Shuang Luan Guo Yong (2012) Di No. 065, Shuang Luan Guo Yong (2013) Di No. 013 and Ji (2020) Cheng De Shi Bu Dong Chan Quan Di No. 0009307, the land use rights of 3 parcels of land with a total site area of approximately 85,482.73 sq.m. have been granted to Chengde Shuangluan Haijian Real Estate Development Co., Ltd. (承德市雙灤區海建房地產開發有限公司, “Chengde Shuangluan Haijian”, a 51.0%-owned subsidiary of the Company) for terms expiring on 18 May 2082 and 31 May 2090 for residential use and 10 October 2052 and 31 May 2060 for commercial service use.
2. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 130803201900014 in favour of Chengde Shuangluan Haijian, the CIP of Chengde Lantai House (Yunshang) with a gross floor area of approximately 61,947.00 sq.m. has been approved for construction.
3. Pursuant to a Construction Work Commencement Permit—No. 130803201909030101 in favour of Chengde Shuangluan Haijian, permission by the relevant local authority was given to commence the construction of the CIP of Chengde Lantai House (Yunshang) with a gross floor area of approximately 61,947.00 sq.m.
4. Pursuant to 3 Pre-sale Permits—(Cheng) Fang Yu Shou Zheng Di Zi Nos. 2019053, 2019058 and 2020043 in favour of Chengde Shuangluan Haijian, the Group is entitled to sell portions of Chengde Lantai House (Yunshang) (representing a total gross floor area of approximately 43,332.54 sq.m.) to purchasers.
5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area (sq.m.)
Group IV—held under development by the Group (CIP)	Residential	43,276.19
	Ancillary	8,018.13
	Others	10,652.68
	Sub-total:	61,947.00
Group V—held for future development by the Group (Land Portion)	Residential	44,931.21
	Retail	51,465.93
	Ancillary	4,229.65
	Others	23,556.01
	Sub-total:	124,182.80
	Total:	186,129.80

6. As advised by the Group, various residential units with a total gross floor area of approximately 32,241.41 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB234,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of property.
7. The market value of the CIP of property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB364,000,000.

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8. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for high-rise residential units and RMB14,000 to RMB16,000 per sq.m. for high-end low-rise residential units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
 - b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,000 to RMB2,500 per sq.m. for composite residential and commercial uses and RMB600 to RMB800 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
9. Pursuant to 3 Mortgage Contracts, the property is subject to mortgages in favour of a third party.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengde Shuangluan Haijian is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgages, Chengde Shuanluan Haijian has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgages have been released;
 - b. Chengde Shuangluan Haijian has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengde Shuangluan Haijian has the rights to legally pre-sell portions of the property mentioned in note 4 according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Construction Work Planning Permit	Portion
c. Construction Work Commencement Permit	Portion
d. Pre-sale Permit	Portion
e. Construction Work Completion and Inspection Certificate/Table/Report	N/A
f. Building Ownership Certificate/Real Estate Title Certificate (Building)	N/A

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12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group IV—held under development by the Group	270,000,000	51.0%	137,700,000
Group V—held for future development by the Group	<u>147,000,000</u>	<u>51.0%</u>	<u>74,970,000</u>
Total:	<u>417,000,000</u>	<u>51.0%</u>	<u>212,670,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
27.	Chengde Lantai House (Yueshan) located at Mount Yuanbao Shuangluan District Chengde City Hebei Province The PRC (承德蘭台府 • 樾山)	Chengde Lantai House (Yueshan) is located at Mount Yuanbao, Shuangluan District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 34,981.28 sq.m., which will be developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in December 2022. The property will have a planned gross floor area of approximately 52,466.31 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB292,000,000, of which approximately RMB145,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 8 May 2059 for commercial use and 8 May 2089 for residential use.	As at the valuation date, the property was under construction.	168,000,000 (51.0% interest attributable to the Group: RMB85,680,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. C13080020190013 dated 16 April 2019, the land use rights of a parcel of land with a site area of approximately 34,981.28 sq.m. were contracted to be granted to Chengde Chuanda Real Estate Development Co., Ltd. (承德川達房地產開發有限公司, “Chengde Chuanda”, a 51.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB94,440,000.

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2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 130803201900006, permission towards the planning of the aforesaid land parcel with a site area of approximately 34,981.28 sq.m. has been granted to Chengde Chuanda.
3. Pursuant to a Real Estate Title Certificate (Land)—Ji (2019) Cheng De Shi Bu Dong Chan Quan Di No. 0000004, the land use rights of the aforesaid land parcel with a site area of approximately 34,981.28 sq.m. have been granted to Chengde Chuanda for terms expiring on 8 May 2059 for commercial use and 8 May 2089 for residential use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 130803201900015 in favour of Chengde Chuanda, Chengde Lantai House (Yueshan) with a gross floor area of approximately 52,466.31 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 130803201910150201 in favour of Chengde Chuanda, permission by the relevant local authority was given to commence the construction of Chengde Lantai House (Yueshang) with a gross floor area of approximately 52,466.31 sq.m.
6. Pursuant to a Pre-sale Permit—(Cheng) Fang Yu Shou Zheng Di No. 2020012 in favour Chengde Chuanda, the Group is entitled to sell portions of Chengde Lantai House (representing a gross floor area of approximately 15,352.61 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	40,145.58	
	Retail	59.14	
	Ancillary	2,488.31	
	Car parking space	8,863.71	195
	Others	<u>909.57</u>	
	Total:	<u>52,466.31</u>	<u>195</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 2,533.90 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB19,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB341,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for residential units and RMB18,000 to RMB24,000 for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Chengde Chuanda is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Chengde Chuanda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengde Lantai House (Yueshan) has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
28.	Unsold units of Jilin Kaixuan Mansion located at New Town West Street Jingyue Development Zone Changchun City Jilin Province The PRC (吉林凱旋公館)	Jilin Kaixuan Mansion is located at New Town West Street enjoying graceful landscape. The locality is near the Jingyuetan National Scenic Area, a newly developed residential area where public facilities such as municipal facilities and amenities are still under development. The project occupies 5 parcels of land with a total site area of approximately 132,188.00 sq.m., which had been developed into a residential and commercial development completed in various stages between 2016 and 2020. The property comprises the unsold units of Jilin Kaixuan Mansion with a total gross floor area of approximately 7,383.70 sq.m. The classification, usage and gross floor area details of the property are set out in note 6. The land use rights of the property have been granted for terms expiring on 31 January 2083 for residential use and 31 January 2053 for commercial use.	As at the valuation date, the property was vacant for sale.	22,000,000 (55.0% interest attributable to the Group: RMB12,100,000) (Refer to note 8)

Notes:

- Pursuant to 5 State-owned Land Use Rights Certificates—Chang Guo Yong (2014) Di Nos. 081000314, 081000315 and Chang Guo Yong (2016) Di Nos. 081000235 to 081000237, the land use rights of 5 parcels of land on which the property is located with a total site area of approximately 132,188.00 sq.m. have been granted to Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司, “Jilin Leading”, a 55.0%-owned subsidiary of the Company) for terms expiring on 31 January 2083 for residential use and 31 January 2053 for commercial use.
- Pursuant to 2 Construction Work Planning Permits—Jian Zi Di Nos. 220000201400202 and 220000201600399 in favour of Jilin Leading, Jilin Kaixuan Mansion with a total gross floor area of approximately 426,900.48 sq.m. (including the property) has been approved for construction.
- Pursuant to 6 Construction Work Commencement Permits—220102201309070101, 220110201702200101, 220102201309070101 and 220110201704250101 in favour of Jilin Leading, permission by the relevant local authority was given to commence the construction of Jilin Kaixuan Mansion with a total gross floor area of approximately 406,892.51 sq.m. (including the property).

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4. Pursuant to 11 Pre-sale Permits—Chang Fang Shou Zheng (2014) Di No. 259, Chang Fang Shou Zheng (2015) Di Nos. 036, 180 and 211, Chang Fang Shou Zheng (2016) Di Nos. 226, 119 and 049, Chang Fang Shou Zheng (2017) Di Nos. 343, 120 and 180, and Chang Fang Shou Zheng (2018) Di No. 031 in favour of Jilin Leading, the Group is entitled to sell portions of Jilin Kaixuan Mansion (representing a total gross floor area of approximately 342,827.83 sq.m. (including the property)) to purchasers.
5. Pursuant to 22 Construction Work Completion and Inspection Certificates/Reports in favour of Jilin Leading, the construction of Jilin Kaixuan Mansion with a total gross floor area of approximately 406,734.88 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	719.91	
	Kindergarten	3,155.17	
	Ancillary	2,872.61	
	Car parking spaces	636.01	22
Total:		7,383.70	22

7. As advised by the Group, an ancillary building with a gross floor area of approximately 2,872.61 sq.m. of the property have been pre-sold to an independent third party at a consideration of RMB16,000,000, and a kindergarten with a total gross floor area of approximately 3,155.17 sq.m. of the property have been pre-sold to an independent third party at a consideration of RMB20,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the ancillary building and the market value for reference of the kindergarten as stated in note 8, we have taken into account the contracted prices of such portions of the property.
8. As advised by the Group, they would not obtain building ownership certificates for the kindergarten and 22 car parking spaces of property with a total gross floor area of approximately 3,791.18 sq.m. Therefore, we have attributed no commercial value to the aforesaid portions of property. However, for reference purpose, we are of the opinion that the market value of the above portions as at the valuation date would be RMB22,000,000 assuming that they could be freely transferred.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB9,000 per sq.m. for residential units and RMB71,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Jilin Leading is legally and validly in possession of the land use rights of the property according to the relevant State-owned Land Use Rights Certificates mentioned in note 1;
 - b. Jilin Leading has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Jilin Leading has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Construction Work Planning Permit	Yes
c. Construction Work Commencement Permit	Yes
d. Pre-sale Permit	Portion
e. Construction Work Completion and Inspection Certificate/Table/Report	Yes
f. Building Ownership Certificate/Real Estate Title Certificate (Building)	No
12. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
29.	Xingyang Leading Tianyu located at the north-western side of the intersection of Jingcheng Road and Gongye Dong Road Xingyang City Zhengzhou City Henan Province The PRC (滎陽 • 領地天嶼)	Xingyang Leading Tianyu is located at the north-western side of the intersection of Jingcheng Road and Gongye Dong Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 29,395.73 sq.m., which is being developed into a residential development. The property is scheduled to be completed in December 2021, upon completion, the property will have a planned gross floor area of 80,193.11 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB321,000,000, of which approximately RMB159,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 28 September 2089 for residential use.	As at the valuation date, the property was under construction.	172,000,000 (70.0% interest attributable to the Group: RMB120,400,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—410182-CR-2019-066 dated 05 September 2019, the land use rights of a parcel of land with a site area of approximately 29,395.73 sq.m. were contracted to be granted to Zhengzhou Fanda Real Estate Development Co., Ltd. (鄭州泛達房地產開發有限公司, “Zhengzhou Fanda”, a 70.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB82,850,000.
- Pursuant to a Real Estate Title Certificate (Land)—Yu (2019) Xing Yang Shi Bu Dong Chan Quan Di No. 0040354, the land use rights of the aforesaid land parcel with a site area of approximately 29,395.73 sq.m. have been granted to Zhengzhou Fanda for a term expiring on 28 September 2089 for residential use.

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3. Pursuant to a Construction Land Planning Permit—Xing Gui Di Zi Di No. 410182201916075, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,395.73 sq.m. has been granted to Zhengzhou Fanda.
4. Pursuant to a Construction Work Planning Permit—Xing Gui Jian Zi Di No. 410182201926050 in favour of Zhengzhou Fanda, Xinyang Leading Tianyu with a gross floor area of approximately 80,193.11 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits—Nos. 410182201912250101, 410182202003280201 and 410182202005270101 in favour of Zhengzhou Fanda, permission by the relevant local authority was given to commence the construction of Xinyang Leading Tianyu with a total gross floor area of approximately 80,193.11 sq.m.
6. Pursuant to 3 Pre-sale Permits—(2020) Zheng Fang Yu Zi Di Nos. XY 2010, 2045 and 2081 in favour of Zhengzhou Fanda, the Group is entitled to sell portions of Xinyang Leading Tianyu (representing a total gross floor area of approximately 55,614.68 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	56,321.98	
	Retail	884.04	
	Ancillary	1,980.88	
	Car parking spaces	16,273.48	541
	Others	<u>4,732.73</u>	
	Total:	<u>80,193.11</u>	<u>541</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 15,128.48 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB90,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB392,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units, RMB10,000 to RMB16,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Zhengzhou Fanda is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 2;
 - b. Zhengzhou Fanda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Zhengzhou Fanda has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
30.	Portions of Jilin International Trade Center located at the eastern side of Caiyu Avenue Jingyue Development Zone Changchun City Jilin Province The PRC (吉林環球貿易中心)	Jilin International Trade Center is a development complex with office and retail components completed in 2014 and 2017. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property comprises the unsold portions of Jilin International Trade with a total gross floor area (“GFA”) of approximately 76,321.81 sq.m. for retail use. The land use rights of the property have been granted for a term expiring on 23 July 2060 for residential and commercial uses.	As at the valuation date, various units of the property with a total GFA of approximately 75,893.80 sq.m. were leased to various tenants, while the remaining portion of approximately 428.01 sq.m. was vacant.	723,000,000 (55.0% interest attributable to the Group: RMB397,650,000)

Notes:

- Pursuant to 2 State-owned Land Use Rights Certificates—Chang Guo Yong (2015) Di Nos. 081000868 and 081000869, the land use rights of 2 parcels of land on which the property is located with a total site area of approximately 44,925.00 sq.m. have been granted to Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司, “Jilin Leading”, a 55.0%-owned subsidiary of the Company) for a term expiring on 23 July 2060 for residential and commercial uses.
- Pursuant to 91 Real Estate Title Certificates, the property with a total gross floor area of approximately 76,321.81 sq.m. is owned by the Jilin Leading. The relevant land use rights have been granted to the Jilin Leading for a term expiring on 23 July 2060 for commercial service use.
- Pursuant to 124 Tenancy Agreements, portions of the property with a total gross floor area of approximately 75,893.80 sq.m. are leased to various independent tenants for retail purpose with the expiry dates between 14 November 2020 and 23 November 2033, and the total monthly rent receivable as at the valuation date was approximately RMB1,200,000, exclusive of management fees, water and electricity charges.
- Our valuation has been made on the following basis and analysis:
 - in valuing retail units of the property, we have considered the actual rents in the existing tenancy agreement and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;

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- b. unit rents of the comparable properties are in the range of RMB96 to RMB145 per sq.m. per month for retail units on the first floor, appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent;
 - c. based on our research, the stabilized market yield of similar retail properties is in the range of 5.0% to 6.5% as at the valuation date. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for commercial units in the valuation.
- 5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Jilin Leading has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates mentioned in note 2.
- 6. A summary of major certificates/approvals is shown as follows:
 - a. State-owned Land Use Rights Certificate Yes
 - b. Real Estate Title Certificate Yes
- 7. For the purpose of this report, the property is classified into the group as “Group III—held for investment by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
31.	Shangqiu Leading Lantai House located at the intersection of Zhenxing Road and Nanjing Xi Road Suiyang District Shangqiu City Henan Province The PRC (商丘領地蘭台府)	Shangqiu Leading Lantai House is located at the intersection of Zhenxing Road and Nanjing Xi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property comprises 2 parcels of land with a total site area of approximately 59,697.77 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in December 2021. As advised by the Group, upon completion, the CIP will have a planned gross floor area of approximately 91,424.92 sq.m. The construction of the remaining portion of the project (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 102,442.23 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB457,000,000, of which approximately RMB329,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 7 August 2088 for residential use and 7 August 2058 for commercial service use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	508,000,000 (51.0% interest attributable to the Group: RMB259,080,000)

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Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts—Shang Sui Chu Rang (2018) Di Nos. 21–1 and 22–1 dated 8 May 2018 and 2 Supplementary Contracts dated 1 June 2018, the land use rights of 2 parcels of land with a total site area of approximately 59,697.77 sq.m. were contracted to be granted to Shangqiu Chuanda Real Estate Development Co., Ltd. (商丘川達房地產開發有限公司 “Shangqiu Chuanda”, a 51.0%-owned subsidiary of the Company) for the terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB277,577,300.
2. Pursuant to 2 Construction Land Planning Permits—Di Zi Di (2018) Nos. 100 and 101, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 59,697.77 sq.m. has been granted to Shangqiu Chuanda.
3. Pursuant to 2 Real Estate Title Certificates (Land)—Shang Qiu Shi Bu Dong Chan Quan Di Nos. 0019310 and 0019311, the land use rights of the aforesaid land parcels with a total site area of approximately 59,697.77 sq.m. have been granted to Shangqiu Chuanda for terms expiring on 7 August 2088 for residential use and 7 August 2058 for commercial service use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di (2018) No. 52 in favour of Shangqiu Chuanda, portions of the property with a total gross floor area of approximately 148,949.87 sq.m. have been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 411403201902030101 in favour of Shangqiu Chuanda, permission by the relevant local authority was given to commence the construction of the CIP of the property with a total gross floor area of approximately 91,424.92 sq.m.
6. Pursuant to 4 Pre-sale Permits—(2019) Shang Fang Yu Shou Zheng Di Nos. 74, 85 and 194 and (2020) Shang Zi Yu (Xiao) Shou Zheng Di No. 113 in favour Shangqiu Chuanda, the Group is entitled to sell portions of Shangqiu Leading Lantai House (representing a total gross floor area of approximately 85,971.13 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	86,730.23	
	Retail	1,158.44	
	Ancillary	3,536.25	
	Sub-total:	91,424.92	
Group V—held for future development by the Group (Land Portion)	Residential	55,587.46	
	Retail	1,411.97	
	Ancillary	3,367.70	
	Car parking spaces	32,707.83	N/A
	Others	9,349.20	
	Sub-total:	102,424.16	N/A
	Total:	193,849.08	N/A

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8. As advised by the Group, various residential units with a total planned gross floor area of approximately 23,571.16 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB133,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB545,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB5,000 to RMB7,000 per sq.m. for residential units and RMB12,000 to RMB14,000 per sq.m. for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
 - b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB1,600 to RMB1,900 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
11. Pursuant to 2 Mortgage Contracts, the property is subject to mortgages in favour of third parties.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Shangqiu Chuanda is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgages, Shangqiu Chuanda has the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgages have been released;
 - b. Shangqiu Chuanda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Shangqiu Chuanda has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

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13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	Real Estate Title Certificate (Land)	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
h.	Real Estate Title Certificate (Building)	N/A

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date RMB	Interest attributable to the Group	Market value attributable to the Group as at the valuation date RMB
Group IV—held under development by the Group	353,000,000	51.0%	180,030,000
Group V—held for future development by the Group	155,000,000	51.0%	79,050,000
Total:	508,000,000	51.0%	259,080,000

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
32.	Zhumadian Royal Lantai Phase I located at the northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台一期)	Zhumadian Royal Lantai Phase I is located at the northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 4 parcels of land with a total site area of approximately 182,936.08 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in June 2021, upon completion, the property will have a planned gross floor area of approximately 404,443.70 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,570,000,000, of which approximately RMB927,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 4 October 2088 for residential use and 4 October 2058 for commercial use.	As at the valuation date, the property was under construction.	1,077,000,000 (70.0% interest attributable to the Group: RMB753,900,000)

Notes:

- Pursuant to 4 State-owned Land Use Rights Grant Contracts—4111702-CR-2018-YC Nos. 004 to 007 dated 15 August 2018, the land use rights of 4 parcels of land with a total site area of approximately 182,936.08 sq.m. were contracted to be granted to Zhumadian Shengshihuitong Real Estate Development Co., Ltd. (駐馬店盛世匯通房地產開發有限公司, “Zhumadian Shengshi Huitong”, a 70.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB293,611,878.75.
- Pursuant to 4 Construction Land Planning Permits—Zhu Gui Di Zi Di Nos. 411701201800067 to 411701201800070, permission towards the planning of the aforesaid land parcels with a total site area of approximately 182,936.08 sq.m. has been granted to Zhumadian Shengshi Huitong.

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3. Pursuant to 4 Real Estate Title Certificates (Land)—Yu (2018) Zhu Ma Dian Shi Bu Dong Chan Quan Zheng Di Nos. 0021850, 0021858, 0023169 and 0023170, the land use rights of the aforesaid land parcels with a total site area of approximately 182,936.08 sq.m. have been granted to Zhumadian Shengshi Huitong for terms expiring on 4 October 2088 for residential use and 4 October 2058 for commercial use.
4. Pursuant to 3 Construction Work Planning Permits—Zhu Gui Jian Zi Di Nos. 411701201800117, 411701201800118 and 411701202000001 in favour of Zhumadian Shengshi Huitong, Zhumadian Royal Lantai Phase I with a total gross floor area of approximately 404,443.70 sq.m. has been approved for construction.
5. Pursuant to 5 Construction Work Commencement Permits—Nos. 412801201812050101, 412801201812050201, 4117021909120101-SX-001, 4117021910280101-SX-001 and 4117022006220001-SX-001 in favour of Zhumadian Shengshi Huitong, permission by the relevant local authority was given to commence the construction of Zhumadian Royal Lantai Phase I with a total gross floor area of approximately 404,443.70 sq.m.
6. Pursuant to 52 Pre-sale Permits in favour of Zhumadian Shengshi Huitong, the Group is entitled to sell portions of Zhumadian Royal Lantai Phase I (representing a total gross floor area of approximately 309,791.89 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	309,516.04	
	Retail	4,681.01	
	Ancillary	1,476.10	
	Car parking space	46,862.45	2,504
	Others	41,908.10	
Total:		404,443.70	2,504

8. As advised by the Group, various residential units and car parking spaces with a total planned gross floor area of approximately 277,235.47 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,561,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,931,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,000 to RMB7,000 per sq.m. for residential units, RMB15,000 to RMB20,000 per sq.m. for retail units and RMB40,000 to RMB60,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Zhumadian Shengshi Huitong is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3;
 - b. Zhumadian Shengshi Huitong has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Zhumadian Shengshi Huitong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
33.	Zhumadian Royal Lantai Phase II located at the northeast of the intersection of Zhangtai Road and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台二期)	Zhumadian Royal Lantai Phase II is located at the northeast of the intersection of Zhangtai Road and Jianshe Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 70,590.49 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 200,881.51 sq.m. As advised by the Group, the construction of the project was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 4. The land use rights of the property have been granted for terms expiring on 4 October 2088 for residential use and 4 October 2058 for commercial use.	As at the valuation date, the property was bare land for future development.	159,000,000 (70.0% interest attributable to the Group: RMB111,300,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—4111702-CR-2018-YC No. 003 dated 15 August 2018, the land use rights of a parcel of land with a site area of approximately 70,590.49 sq.m. were contracted to be granted to Zhumadian Shengshiweiguang Real Estate Development Co., Ltd. (駐馬店盛世偉光房地產開發有限公司, “Zhumadian Shengshi Weiguang”, a 70.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB129,181,109 and the plot ratio accountable gross floor area is approximately 155,299.69 sq.m.
- Pursuant to a Construction Land Planning Permit—Zhu Gui Di Zi Di No. 411701201800071, permission towards the planning of the aforesaid land parcel with a site area of approximately 70,590.49 sq.m. has been granted to Zhumadian Shengshi Weiguang.
- Pursuant to a Real Estate Title Certificates (Land)—Yu (2018) Zhu Ma Dian Shi Bu Dong Chan Quan Zheng Di No. 0003408, the land use rights of the aforesaid land parcel with a site area of approximately 70,590.49 sq.m. have been granted to Zhumadian Shengshi Weiguang for terms expiring on 4 October 2088 for residential use and 4 October 2058 for commercial use.

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4. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group V—held for future development by the Group in the PRC	Residential	150,904.00	
	Ancillary	9,342.09	
	Car parking space	26,511.33	N/A
	Others	14,124.09	
Total:		200,881.51	N/A

5. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,000 to RMB1,100 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
6. Pursuant to a Mortgage Contract, the land use rights of the property is subject to a mortgage in favour of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Zhumadian Shengshi Weiguang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3. As land use rights are subject to a mortgage, Zhumadian Shengshi Weichuang has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released.
8. A summary of major certificates/approvals is shown as follows:
- | | |
|---|-----|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | Yes |
| c. Real Estate Title Certificate (Land) | Yes |
| d. Construction Work Planning Permit | No |
| e. Construction Work Commencement Permit | N/A |
| f. Pre-sale Permit | N/A |
| g. Construction Work Completion and Inspection Certificate/Table/Report | N/A |
| h. Real Estate Title Certificate (Building) | N/A |
9. For the purpose of this report, the property is classified into the group as “Group V—held for future development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
34.	Zhumadian Royal Lantai Phase III located at the southwest of the intersection of Lizhuang Road and Chunliu Road Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台三期)	Zhumadian Royal Lantai Phase III is located at the southwest of the intersection of Lizhuang Road and Chunliu Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 75,862.51 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 208,354.51 sq.m. As advised by the Group, the construction of the project was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 4. The land use rights of the property have been granted for terms expiring on 9 December 2088 for residential use and 9 December 2058 for commercial use.	As at the valuation date, the property was bare land for future development.	171,000,000 (70.0% interest attributable to the Group: RMB119,700,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—411702-CR-2018-YC No. 021 dated 9 October 2018, the land use rights of a parcel of land with a site area of approximately 75,862.51 sq.m. were contracted to be granted to Zhumadian Weihui Real Estate Development Co., Ltd. (駐馬店盛世偉匯房地產開發有限公司, “Zhumadian Shengshi Weihui”, a 70.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB125,173,043 and the plot ratio accountable gross floor area is approximately 166,897.39 sq.m.
- Pursuant to a Construction Land Planning Permit—Zhu Gui Di Zi Di No. 411701201900019, permission towards the planning of the aforesaid land parcel with a site area of approximately 75,862.51 sq.m. has been granted to Zhumadian Shengshi Weihui.
- Pursuant to a Real Estate Title Certificates (Land)—Yu (2020) Zhu Ma Dian Shi Bu Dong Chan Quan Zheng Di No. 0007190, the land use rights of the aforesaid land parcel with a site area of approximately 75,862.51 sq.m. have been granted to Zhumadian Shengshi Weihui for terms expiring on 9 December 2088 for residential use and 9 December 2058 for commercial use.

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4. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group V—held for future development by the Group in the PRC	Residential	161,564.00	
	Ancillary	4,988.80	
	Car parking space	28,622.31	N/A
	Others	13,179.40	
Total:		208,354.51	N/A

5. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,000 to RMB1,100 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Zhumadian Shengshi Weihui is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3.
7. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Real Estate Title Certificate (Land) | Yes |
| d. | Construction Work Planning Permit | No |
| e. | Construction Work Commencement Permit | N/A |
| f. | Pre-sale Permit | N/A |
| g. | Construction Work Completion and Inspection Certificate/Table/Report | N/A |
| h. | Real Estate Title Certificate (Building) | N/A |
8. For the purpose of this report, the property is classified into the group as “Group V—held for future development by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
35.	Zhumadian Royal Lantai Phase IV located at the northeast of the intersection of Tongshan Avenue and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台四期)	Zhumadian Royal Lantai Phase IV is located at the northeast of the intersection of Tongshan Avenue and Jianshe Avenue, Yicheng District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 3 parcels of land with a total site area of approximately 168,489.17 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 339,235.84 sq.m. As advised by the Group, the construction of the project was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 4. The land use rights of the property have been granted for terms expiring on 4 October 2058 for commercial use and 4 October 2088 for residential use.	As at the valuation date, the property was bare land for future development.	292,000,000 (70.0% interest attributable to the Group: RMB204,400,000)

Notes:

- Pursuant to 3 State-owned Land Use Rights Grant Contracts—4111702-CR-2018-YC Nos. 008 to 010 dated 26 August 2018, the land use rights of 3 parcels of land with a total site area of approximately 168,489.17 sq.m. were contracted to be granted to Zhumadian Weisheng Real Estate Development Co., Ltd. (駐馬店偉昇房地產開發有限公司, “Zhumadian Weisheng”, a 70.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB270,171,698 and the plot ratio accountable gross floor area is approximately 266,704.02 sq.m.
- Pursuant to 3 Construction Land Planning Permits—Zhu Gui Di Zi Di Nos. 411701201800078 to 411701201800080, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 168,489.17 sq.m. have been granted to Zhumadian Weisheng.

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3. Pursuant to 3 Real Estate Title Certificates (Land)—Yu 2019 Zhu Ma Dian Shi Bu Dong Chan Quan Di Nos. 0007342, 0007343 and 0027912, the land use rights of the aforesaid land parcels with a total site area of approximately 168,489.17 sq.m. have been granted to Zhumadian Weisheng for terms expiring on 4 October 2058 for commercial use and 4 October 2088 for residential use.

4. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group V—held for future development by the Group	Residential	260,511.02	
	Ancillary	13,798.00	
	Car parking spaces	23,121.22	N/A
	Others	41,805.60	
Total:		339,235.84	N/A

5. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,000 to RMB1,100 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.

6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Zhumadian Weisheng is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	Real Estate Title Certificate (Land)	Yes
d.	Construction Work Planning Permit	No
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
h.	Real Estate Title Certificate (Building)	N/A

8. For the purpose of this report, the property is classified into the group as “Group V—held for future development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
36.	Zhumadian Royal Lantai Phase V located at the southeast of the intersection of Lizhuang Road and Chunliu Road, the northwest of the intersection of Zhangtai Road and Jianshe Avenue Yicheng District Zhumadian City Henan Province The PRC (駐馬店皇家蘭台五期)	Zhumadian Royal Lantai Phase V is located at the southeast of the intersection of Lizhuang Road and Chunliu Road, the northwest of the intersection of Zhangtai Road and Jianshe Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 156,269.62 sq.m., which will be developed into a residential and commercial development with a total planned gross floor area of approximately 388,318.06 sq.m. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 4. The land use rights of the property have been granted for terms expiring on 9 December 2058 for commercial use and 9 December 2088 for residential use.	As at the valuation date, the property was bare land for future development.	358,000,000 (70.0% interest attributable to the Group: RMB250,600,000)

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts—4111702-CR-2018-YC Nos. 022 and 023 dated 9 October 2018, the land use rights of 2 parcels of land with a total site area of approximately 156,269.62 sq.m. were contracted to be granted to Zhumadian Weishun Real Estate Development Co., Ltd. (駐馬店偉順房地產開發有限公司, “Zhumadian Weishun”, a 70.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB271,905,850 and the plot ratio accountable gross floor area is approximately 343,789.00 sq.m.
- Pursuant to 2 Construction Land Planning Permits—Zhu Gui Di Zi Di Nos. 411701201900017 to 411701201900018, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 156,269.62 sq.m. have been granted to Zhumadian Weishun.

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3. Pursuant to 2 Real Estate Title Certificates (Land)—Yu 2019 Zhu Ma Dian Shi Bu Dong Chan Quan Di Nos. 0005716 and 0005717, the land use rights of the aforesaid land parcels with a total site area of approximately 156,269.62 sq.m. have been granted to Zhumadian Weishun for terms expiring on 9 December 2058 for commercial use and 9 December 2088 for residential use.
4. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group V—held for future development by the Group	Residential	286,412.00	
	Retail	5,000.00	
	Ancillary	15,821.60	
	Car parking spaces	49,474.76	N/A
	Others	31,609.70	
	Total:	388,318.06	N/A

5. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,000 to RMB1,100 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
6. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Zhumadian Weishun is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3. As land use rights are subject to a mortgage, Zhumadian Weishun has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released.
8. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	No
e. Construction Work Commencement Permit	N/A
f. Pre-sale Permit	N/A
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
9. For the purpose of this report, the property is classified into the group as “Group V—held for future development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
37.	Jingzhou Leading Lantai House located at the northwest of the intersection of Chutian Road and Dongqiao Road Jingbei New District Jingzhou City Hubei Province The PRC (荊州領地蘭台府)	Jingzhou Leading Lantai House is located at the northwest of the intersection of Chutian Road and Dongqiao Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 54,069.60 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in December 2021, upon completion, the property will have a planned gross floor area of approximately 208,275.43 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,153,000,000, of which approximately RMB854,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 16 January 2089 for residential use and 16 January 2059 for commercial use.	As at the valuation date, the property was under construction.	985,000,000 (100.0% interest attributable to the Group: RMB985,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—E JZ (00)-2019-00002 dated 18 January 2019, the land use rights of a parcel of land with a site area of approximately 54,069.60 sq.m. were contracted to be granted to Jingzhou Lingchuang Real Estate Development Co., Ltd. (荊州領創房地產開發有限公司, “Jingzhou Lingchuang”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB427,000,000.
- Pursuant to a Construction Land Planning Permit—E Gui Yong Di Zi Di No. JGB20190004, permission towards the planning of the aforesaid land parcel with a site area of approximately 71,388.50 sq.m. (including government requisition land with a site area of approximately 17,318.90 sq.m.) has been granted to Jingzhou Lingchuang.

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3. Pursuant to a Real Estate Title Certificate (Land)—E (2019) Jing Zhou Shi Bu Dong Chan Quan Di No. 0020461, the land use rights of the aforesaid land parcel with a site area of approximately 54,069.60 sq.m. have been granted to Jingzhou Lingchuang for terms expiring on 16 January 2089 for residential use and 16 January 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—E Gui Gong Cheng Jian Zi Di No. JGC20190029 in favour of Jingzhou Lingchuang, Jingzhou Leading Lantai House with a total gross floor area of approximately 208,275.43 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 4210011904260107-SX-010 and 4210011904260107-SX-011 in favour of Jingzhou Lingchuang, permission by the relevant local authority was given to commence the construction of Jingzhou Leading Lantai House with a total gross floor area of approximately 208,274.00 sq.m.
6. Pursuant to 4 Pre-sale Permits—E Jing Zhou Shang Yu Zi (2019) Nos. 025 and 048, E Jing Zhou Shang Yu Zi (2020) Nos. 006 and 010 in favour of Jingzhou Lingchuang, the Group is entitled to sell portions of Jingzhou Leading Lantai House (representing a total gross floor area of approximately 150,450.44 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	145,078.93	
	Retail	4,797.64	
	Kindergarten	1,920.34	
	Low-income housing	8,119.70	
	Ancillary	2,157.38	
	Car parking space	36,678.34	1,435
	Others	9,523.10	
Total:		208,275.43	1,435

8. As advised by the Group, various residential and retail units with a total planned gross floor area of approximately 97,354.88 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB813,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,347,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB9,000 per sq.m. for residential units, RMB35,000 to RMB40,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB90,000 for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Jingzhou Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3;
 - b. Jingzhou Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Jingzhou Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
38.	Jingzhou Leading Fengming Lantai No. 66 Fengming Avenue Jingzhou District Jingzhou City Hubei Province The PRC (荊州領地鳳鳴蘭台)	Jingzhou Leading Fengming Lantai is located at No. 66 Fengming Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 48,398.90 sq.m., which will be developed into a residential and commercial development. The property is scheduled to be completed in August 2022, upon completion, the property will have a planned gross floor area of approximately 188,087.61 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,136,000,000, of which approximately RMB716,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 20 August 2089 for residential use and 20 August 2059 for commercial use.	As at the valuation date, the property was under construction.	895,000,000 (100.0% interest attributable to the Group: RMB895,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract and a Supplementary Agreement—E J Z (00)—2019-00010 dated 25 July 2019, the land use rights of a parcel of land with a site area of approximately 48,398.90 sq.m. were contracted to be granted to Jingzhou Lingyue Real Estate Development Co., Ltd. (荊州領悅房地產開發有限公司, “Jingzhou Lingyue”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB510,000,000.

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2. Pursuant to a Construction Land Planning Permit—E Gui Yong Di Zi Di No. JGB20190024, permission towards the planning of the land parcel with a site area of approximately 72,803.70 (including the planned site area of approximately 48,398.90 sq.m. of the property) has been granted to Jingzhou Lingyue.
3. Pursuant to a Real Estate Title Certificate (Land)—E (2019) Jing Zhou Shi Bu Dong Chan Quan Di No. 0045367, the land use rights of the aforesaid land parcel with a site area of approximately 48,398.90 sq.m. have been granted to Jingzhou Lingyue for terms expiring on 20 August 2059 for commercial use and 20 August 2089 for residential use.
4. Pursuant to a Construction Work Planning Permit—E Gui Gong Cheng Jian Zi Di No. JGC20190087 in favour of Jingzhou Lingyue, Jingzhou Leading Fengming Lantai with a gross floor area of approximately 188,087.61 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 4210011910150001-SX-001 and 002 in favour of Jingzhou Lingyue, permission by the relevant local authority was given to commence the construction of Jingzhou Leading Fengming Lantai with a total gross floor area of approximately 188,087.64 sq.m.
6. Pursuant to 4 Pre-sale Permits—E Jing Zhou Shang Yu Zi (2019) No. 065, E Jing Zhou Shang Yu Zi (2020) Nos. 021, 027 and 043 in favour of Jingzhou Lingyue, the Group is entitled to sell portions of Jingzhou Leading Fengming Lantai (representing a total gross floor area of approximately 89,586.24 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	128,852.96	
	Retail	4,006.84	
	Ancillary	2,087.94	
	Low-income housing	10,181.26	
	Car parking space	37,058.61	1,282
	Others	<u>5,900.00</u>	
Total:		<u>188,087.61</u>	<u>1,282</u>

8. As advised by the Group, various residential units with a total planned gross floor area of approximately 25,853.46 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB254,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,455,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB11,000 per sq.m. for residential units, RMB23,000 to RMB28,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Jingzhou Lingyue is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificates (Land) mentioned in note 3;
 - b. Jingzhou Lingyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Jingzhou Lingyue has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
39.	Various retail units of Leshan Amazon Nos. 418 & 424 Longyou Road Shizhong District Leshan City Sichuan Province The PRC (樂山亞馬遜)	Leshan Amazon is a residential and commercial development completed in 2014. It is well-served by public transportation. The vicinity of the property is dominated by residential and commercial developments. The property comprises various retail units of Leshan Amazon with a total gross floor area (“GFA”) of approximately 3,493.31 sq.m. for commercial use. The land use rights of the property have been granted for a term expiring on 19 December 2050 for commercial use.	As at the valuation date, portion of the property with a GFA of approximately 1,478.00 sq.m. was leased to an independent third party for retail use whilst the remaining portion with a GFA of approximately 2,015.31 sq.m. was vacant.	24,100,000 (100.0% interest attributable to the Group: RMB24,100,000)

Notes:

- Pursuant to 3 State-owned Land Use Rights Certificates—Le Cheng Guo Yong (2015) Di Nos. 215286, 215287 and 215288, the land use rights of 3 parcels of land on which the property is located with a total site area of approximately 46,846.87 sq.m. have been granted to Leading Group Co., Ltd Leshan Branch (領地集團股份有限公司樂山分公司, “**Leading Leshan**”, a branch of Leading Group Co., Ltd. (領地集團有限公司, “**Leading Group**”, an indirect wholly-owned subsidiary of the Company)) for a term expiring on 19 December 2050 for commercial use.
- Pursuant to 3 Building Ownership Certificates—Le Fang Quan Zheng Le Shan Shi Zi Di Qi Ye No. 201503190212, Chuan (2019) Le Shan Shi Bu Dong Chan Quan Di Nos. 0027253 and 0027255, the property with a total gross floor area of approximately 3,493.31 sq.m. are owned by Leading Leshan.

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3. Pursuant to a Tenancy Agreement, portion of the property with a gross floor area of approximately 1,478.00 sq.m. was leased to an independent third party for retail use with expiry date on 31 December 2034, and the total monthly rent receivable as at the valuation date was approximately RMB37,000, exclusive of management fees, water and electricity charges.
4. Our valuation has been made on the following basis and analysis:
 - a. in valuing retail units of the property, we have considered the actual rents in the existing tenancy agreement and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
 - b. unit rents of the comparable properties are in the range of RMB60 to RMB70 per sq.m. per month for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent;
 - c. based on our research, the stabilized market yield of similar retail properties is in the range of 4.5% to 6.5%. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for retail units in the valuation.
5. Pursuant to a Mortgage Contract, portions of the property are subject to a mortgage in favour of a third party.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Leading Leshan has legally obtained the building ownership rights of the property according to relevant Building Ownership Certificates. For the aforesaid portions of the property which are subject to mortgage, Leading Leshan has the rights to occupy and use the mortgaged properties, but the transfer of them would be restricted until the mortgage has been released.
7. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Building Ownership Certificate	Yes
8. For the purpose of this report, the property is classified into the group as “Group III—held for investment by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
40.	Portions of Leshan Time Square No. 211 middle section of Fenghuang Road Shizhong District Leshan City Sichuan Province The PRC (樂山時代廣場)	Leshan Time Square is a 7-storey commercial building completed in 2006. It is well-served by public transportation. The vicinity of the property is dominated by residential and commercial developments. The property comprises unsold units of Leshan Time Square with a total gross floor area (“GFA”) of approximately 35,295.31 sq.m. The classification, usage and GFA details of the property are set out in note 4. The land use rights of the property have been granted for a term expiring on 6 August 2042 for commercial use.	As at the valuation date, portion of the property with a GFA of approximately 29,830.24 sq.m. (excluding car parking spaces) was leased to various tenants for retail use whilst the remaining portion with a GFA of approximately 5,465.07 sq.m. was vacant.	195,600,000 (100.0% interest attributable to the Group: RMB195,600,000)

Notes:

- Pursuant to 8 State-owned Land Use Rights Certificates—Le Cheng Guo Yong (2010) Di Nos. 124054 to 124056, Le Cheng Guo Yong (2011) Di Nos. 146169 to 146171 and 156452, and Le Cheng Guo Yong (2012) Di No. 162833 the land use rights of 8 parcels of land on which the property is located with a total site area of approximately 4,782.20 sq.m. have been granted to Leading Real Estate Group Co., Ltd. (領地房地產集團股份有限公司, “**Leading Real Estate**”, now known as Leading Group Co., Ltd. (領地集團有限公司, “**Leading Group**”, an indirect wholly-owned subsidiary of the Company)) for a term expiring on 6 August 2042 for commercial use.
- Pursuant to 8 Building Ownership Certificates—Le Shan Shi Fang Quan Zheng Qi Ye Zi Di Qi Ye Nos. 15183, 13836, 12465, 12464, 13833, 13834, 16519 and 12466, the property with a total gross floor area of approximately 35,295.31 sq.m. is owned by Leading Real Estate.
- Pursuant to 5 Tenancy Agreements entered into between Leading Group Co., Ltd. Leshan Branch (領地集團股份有限公司樂山分公司, “**Leading Leshan**”, a branch of Leading Group), Leading Real Estate and various independent third parties, portion of the property with a gross floor area of approximately 29,830.24 sq.m. was leased to various tenants for retail use with expiry dates between 14 September 2023 and 19 April 2028, and the total monthly rent receivable as at the valuation date was approximately RMB640,000, exclusive of management fees, water and electricity charges.

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4. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group III—held for investment by the Group	Retail	29,830.46	
	Car parking space	4,503.76	124
	Warehouse	961.09	
	Total:	35,295.31	124

5. Our valuation has been made on the following basis and analysis:
- in valuing retail units and car parking spaces of the property, we have considered the actual rents in the existing tenancy agreement and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
 - unit rents of the comparable properties are in the range of RMB98 to RMB132 per sq.m. per month for retail units on the first floor, and RMB320 to RMB350 per space per month for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent;
 - based on our research, the stabilized market yield of similar retail and car parking space properties is in the range of 3.5% to 6.5%. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for retail units, warehouse units and car parking spaces in the valuation.
6. Pursuant to a Mortgage Contract, portions of the property are subject to a mortgage in favour of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Leading Real Estate has legally obtained the building ownership rights of the property according to relevant Building Ownership Certificates. As portions of the property are subject to a mortgage, Leading Real Estate has the rights to occupy and use the mortgaged properties, but the transfer of them would be restricted until the mortgage has been released.
8. A summary of major certificates/approvals is shown as follows:
- State-owned Land Use Rights Certificate Yes
 - Building Ownership Certificate Yes
9. For the purpose of this report, the property is classified into the group as “Group III—held for investment by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
41.	A retail unit and 18 car parking spaces of Leshan Amazon No. 412 Longyou Road and several ancillary areas of Leshan Time Square No. 211 middle section of Fenghuang Road Shizhong District Sichuan Province The PRC (樂山亞馬遜及時代廣場部分物業)	The property comprises a retail unit and 18 car parking spaces of Leshan Amazon and several ancillary areas of Leshan Time Square with a total gross floor area (“GFA”) of approximately 13,420.70 sq.m. The classification, usage and gross floor area details of the property are set out in note 5. The land use rights of the property have been granted for terms expiring on 19 December 2050 and 19 December 2080 for commercial use.	As at the valuation date, portion of the property with a GFA of approximately 6,061.50 sq.m. (excluding car parking spaces) was leased to a tenant for retail use whilst the remaining portions were vacant.	44,100,000 (100.0% interest attributable to the Group: RMB44,100,000)

Notes:

- Pursuant to 35 Sales Contracts dated 14 December 2017 and 19 December 2017, the property has been sold to Tibet Yimeixin Industrial Co., Ltd. (renamed as Tibet Land Industrial Co., Ltd., 西藏陸地實業有限公司, “**Tibet Land**”, an indirect wholly-owned subsidiary of the Company) at a consideration of RMB20,689,200.
- Pursuant to 18 Real Estate Title Certificates—Chuan (2019) Le Shan Shi Bu Dong Chan Quan Di Nos. 0042494 to 0042497, 0042792 to 0042795, 0043138, 0043139 and 0042912 to 0042919, 18 car parking spaces of the property with a total gross floor area of approximately 452.05 sq.m are owned by Tibet Land. The relevant land use rights have been granted to Tibet Land for a term expiring on 19 December 2080 for residential use.
- Pursuant to a Building Ownership Certificate—Le Fang Quan Zheng Le Shan Shi Zi Di No. 201503190253, portion of the property with a gross floor area of approximately 9,814.60 sq.m. is owned by Leading Group Co., Ltd. (領地集團有限公司, “**Leading Group**”, an indirect wholly-owned subsidiary of the Company). As at the valuation date, the owner of the aforesaid Building Ownership Certificate of the property has not been changed to Tibet Land.
- Pursuant to a Tenancy Agreement entered into between Tibet Land and an independent third party, portion of the property with a gross floor area of approximately 6,061.50 sq.m. was leased to a tenant for retail use with expiry date on 31 September 2034, and the total monthly rent receivable as at the valuation date was approximately RMB120,000, exclusive of management fees, water and electricity charges.

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5. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group III—held for investment by the Group	Retail	9,814.60	—
	Ancillary	3,154.05*	
	Car parking spaces	452.05	18
	Total:	13,420.70	18

*: As advised by the Group, building ownership certificates for ancillary portion of the property could not be obtained, therefore, we have attributed no commercial value to them.

6. Our valuation has been made on the following basis and analysis:
- in valuing retail units and car parking spaces of the property, we have considered the actual rents in the existing tenancy agreement and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
 - unit rents of the comparable properties are in the range of RMB60 to RMB70 per sq.m. per month for retail units, and RMB320 to RMB350 per space per month for car parking spaces, appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent; and
 - based on our research, the stabilized market yield of similar retail and car parking space properties is in the range of 3.5% to 6.5%. Considering the location and characteristics of the property, we have applied a market yield of 5.5% for retail units and car parking spaces in the valuation.
7. Pursuant to a Mortgage Contract, portion of the property is subject to a mortgage in favour of a third party.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Tibet Land has legally obtained the buildings ownership rights according to the relevant Real Estate Title Certificate mentioned in note 2; and
 - Tibet Land has no right to dispose of portion of the property mentioned in note 3, but has the rights to use and lease the aforesaid property before the completion of the relevant change of name of owner stated on the Building Ownership Certificate. There is no material legal impediment for Tibet Land to the change registration of name of owner of Building Ownership Certificate mentioned in note 3 after the release of the mortgage.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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9. A summary of major certificates/approvals is shown as follows:
 - a. Building Ownership Certificate/Real Estate Title Certificate Yes
10. For the purpose of this report, the property is classified into the group as “Group III—held for investment by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
42.	Unsold residential and retail units of Leshan Haina Mansion No. 1589 Muyuan Road Muchuan County Leshan City Sichuan Province The PRC (樂山海納公館)	Leshan Haina Mansion is located at No. 1589 Muyuan Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Leshan Haina Mansion occupies 3 parcels of land with a total site area of approximately 36,200.00 sq.m., which is a residential and commercial development completed in 2016. The property comprises the unsold residential and retail units of Leshan Haina Mansion with a total gross floor area of approximately 6,904.02 sq.m. The land use rights of the property have been granted for terms expiring on 21 April 2083 for residential use and 21 April 2053 for commercial use.	As at the valuation date, the property was vacant for sale.	112,000,000 (51.0% interest attributable to the Group: RMB57,120,000)

Notes:

- Pursuant to 3 State-owned Land Use Rights Certificates—Mu Guo Yong (2013) Di Nos. 0378 to 0380, the land use rights of 3 parcels of land on which the property is located with a total site area of approximately 36,200.00 sq.m. have been granted to Muchuanhaina Real Estate Development Co., Ltd. (沐川海納房地產開發有限公司, “**Muchuanhaina**”, a 51.0%-owned subsidiary of the Company) for terms expiring on 21 April 2083 for residential use and 21 April 2053 for commercial use.
- Pursuant to 2 Real Estate Title Certificates—Chuan (2017) Mu Chuan Xian Bu Dong Chan Quan Di Nos. 0000111 and 00001115, portion of the property with a total gross floor area of approximately 6,826.26 sq.m. is owned by Muchuanhaina. The relevant land use rights have been granted to Muchuanhaina for a term expiring on 21 April 2053 for commercial use.
- As advised by the Group, a residential unit with a gross floor area of approximately 77.76 sq.m. of the property have been pre-sold to a third party at a consideration of RMB340,000. Such portion of the property has not been legally and virtually transferred and therefore we have included the unit in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted price of such portion of the property.
- In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB21,000 to RMB23,000 for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
- Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Muchuanhaina has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates mentioned in note 2. As the property is subject to a mortgage, Muchuanhaina has the rights to occupy and use the property, but the transfer of the property would be restricted until the mortgage has been released.
7. A summary of major certificates/approvals is shown as follows:
 - a. State-owned Land Use Rights Certificate Yes
 - b. Real Estate Title Certificate Portion
8. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
43.	Portions of Leshan Lantai House located at the eastern side of the intersection of Sansu Road and Ruixiang Road Qingjiang New District Shizhong District Leshan City Sichuan Province The PRC (樂山蘭台府)	Leshan Lantai House is located at the eastern side of the intersection of Sansu Road and Ruixiang Road. The locality is a developing residential area with public transportation network under further improvement. Leshan Lantai House occupies a parcel of land with a site area of approximately 88,107.53 sq.m., which is being developed into a residential and commercial development. Portion of the property was completed in 2020 (the “Completed Portion”) and the remaining portion was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in December 2021. The property comprises the unsold units of the Completed Portion and the CIP of Leshan Lantai House. The classification, usage and planned gross floor area details of the property are set out in note 6. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB563,000,000, of which approximately RMB469,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 10 August 2087 for residential use and 10 August 2057 for commercial use.	As at the valuation date, portions of the property were vacant for sale, while the remaining portion of the property was under construction.	908,000,000 (60.0% interest attributable to the Group: RMB544,800,000)

Notes:

- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2017) Le Shan Shi Bu Dong Chan Quan Di No. 0015605, the land use rights of a parcel of land with a site area of approximately 88,107.53 sq.m. have been granted to Leshan Lingyue Real Estate Development Co., Ltd. (樂山領悅房地產開發有限公司, “**Leshan Lingyue**”, a 60.0%-owned subsidiary of the Company) for terms expiring on 10 August 2087 for residential use and 10 August 2057 for commercial use.

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2. Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 511100201800003, 511100201800004, 511100201800027 and 511100201800028 in favour of Leshan Lingyue, Leshan Lantai House with a total gross floor area of approximately 359,131.21 sq.m. (including the property) has been approved for construction.
3. Pursuant to 4 Construction Work Commencement Permits—Nos. 511100201801190101S, 511100201802090101S, 511100201808100101S and 511100201812280101S in favour of Leshan Lingyue, permission by the relevant local authority was given to commence the construction of Leshan Lantai House with a total gross floor area of approximately 359,131.21 sq.m. (including the property).
4. Pursuant to 14 Pre-sale Permits—Le Shi Zhu Jian 2018 Fang Yu Shou Zheng Di Nos. 8, 15, 21, 28, 65, 91, 92 and Le Shi Zhu Jian 2019 Fang Yu Shou Zheng Di Nos. 22, 54, 69, 71, 87, 100 and Le Shi Zhu Jian (2020) Fang Yu Shou Zheng Di No. 032 in favour Leshan Lingyue, the Group is entitled to sell portions of Leshan Lantai House (representing a total gross floor area of approximately 317,460.20 sq.m.) to purchasers.
5. Pursuant to 2 Construction Work Completion and Inspection Certificates—2020 Nian Di Nos. 6 and 11 in favour of Leshan Lingyue, the construction of Leshan Lantai House with a total gross floor area of approximately 219,686.68 sq.m. (including the Completed Portion of the property) has been completed and passed the inspection acceptance.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	4,137.10	
	Retail	4,135.62	
	Office	27,495.85	
	Car parking space	35,224.03	1,404
	Sub-total:	70,992.60	1,404
Group IV—held under development by the Group (CIP)	Retail	14,127.03	
	Office	98,957.74	
	Ancillary	5,717.21	
	Others	20,858.87	
	Sub-total:	139,660.85	
Total:		210,653.45	1,404

7. As advised by the Group, various residential, office and retail units and car parking spaces with a total gross floor area of approximately 54,806.70 sq.m. of the property in Group II have been pre-sold to various third parties at a total consideration of RMB276,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

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8. As advised by the Group, various office and retail units with a total gross floor area of approximately 90,346.29 sq.m. of the property in Group IV have been pre-sold to various third parties at a total consideration of RMB518,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB708,000,000.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,400 to RMB7,800 per sq.m. for residential units, RMB21,000 to RMB22,000 per sq.m. for retail units on the first floor, RMB5,300 to RMB5,800 per sq.m. for office units and RMB70,000 to RMB75,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Leshan Lingyue is legally and validly in possession of the land use rights of the property. As land use rights are subject to a mortgage, Leshan Lingyue has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Leshan Lingyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Leshan Lingyue has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. Real Estate Title Certificate (Land)	Yes
b. Construction Work Planning Permit	Yes
c. Construction Work Commencement Permit	Yes
d. Pre-sale Permit	Portion
e. Construction Work Completion and Inspection Certificate/Table/Report	Portion
f. Real Estate Title Certificate (Building)	No
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date (RMB)</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date (RMB)</u>
Group II—held for sale by the Group	333,000,000	60.0%	199,800,000
Group IV—held under development by the Group	575,000,000	60.0%	345,000,000
Total:	<u>908,000,000</u>	<u>60.0%</u>	<u>544,800,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
44.	Unsold units of Leshan Tianyu located at the intersection of Hanlin Road and Fenghuang Road Shizhong District Leshan City Sichuan Province The PRC (樂山天嶼)	Leshan Tianyu is located at intersection of Hanlin Road and Fenghuang Road. The locality is a developing residential area with public transportation network under further improvement. Leshan Tianyu occupies a parcel of land with a site area of approximately 29,795.86 sq.m., which is a residential and commercial development completed in 2020. The property comprises the unsold units of Leshan Tianyu with a total gross floor area of approximately 16,796.09 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 21 January 2088 for residential use and 21 January 2058 for commercial use.	As at the valuation date, the property was vacant for sale.	75,000,000 (100.0% interest attributable to the Group: RMB75,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511100 2017–005 dated 5 December 2017, the land use rights of a parcel of land with a site area of approximately 29,795.86 sq.m. were contracted to be granted to Leshan Huahuida Real Estate Development Co., Ltd. (樂山華匯達房地產開發有限公司, “**Leshan Huahuida**”, a wholly-owned subsidiary of the Company) for terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB242,000,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 51110020180002, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,795.86 sq.m. has been granted to Leshan Huahuida.
- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Le Shan Shi Bu Dong Chan Quan Di No. 0004527, the land use rights of the aforesaid land parcel on which the property is located with a site area of approximately 29,795.86 sq.m. have been granted to Leshan Huahuida for terms expiring on 21 January 2088 for residential use and 21 January 2058 for commercial use.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 511100201800020 in favour of Leshan Huahuida, Leshan Tianyu with a gross floor area of approximately 114,077.84 sq.m. (including the property) has been approved for construction.

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5. Pursuant to a Construction Work Commencement Permit—No. 511100201805160101S in favour of Leshan Huahuida, permission by the relevant local authority was given to commence the construction of Leshan Tianyu with a gross floor area of approximately 114,077.84 sq.m. (including the property).
6. Pursuant to 5 Pre-sale Permits—Le Shi Zhu Jian (2018) Fang Yu Shou Zheng Di Nos. 35, 45, 84, 88 and Le Shi Zhu Jian (2019) Fang Yu Shou Zheng Di No. 28 in favour of Leshan Huahuida, the Group is entitled to sell portions of Leshan Tianyu (representing a total gross floor area of approximately 111,019.08 sq.m. (including the property)) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate—2020 Nian Di No. 12 in favour of Leshan Huahuida, the construction of Leshan Tianyu with a gross floor area of approximately 114,254.36 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	3,130.07	
	Retail	1,545.87	
	Car parking space	<u>12,120.15</u>	<u>441</u>
	Total:	<u>16,796.09</u>	<u>441</u>

9. As advised by the Group, various residential and retail units and car parking spaces with a total planned gross floor area of approximately 2,154.59 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB15,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,200 per sq.m. for residential units, RMB23,000 to RMB25,000 per sq.m. for retail units on the first floor, and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Leshan Huahuida is legally and validly in possession of the land use rights of the property. As land use rights are subject to a mortgage, Leshan Huahuida has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Leshan Huahuida has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Leshan Huahuida has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
14. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
45.	Leshan Lanshan No. 881 Ruixiang Road Shizhong District Leshan City Sichuan Province The PRC (樂山瀾山)	Leshan Lanshan is located at the western side of Ruixiang Road, Shizhong District. The locality is a developing residential area with various residential developments and public transportation under further improvement. The property occupies a parcel of land with a site area of approximately 89,630.04 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in October 2021, upon completion, the property will have a total planned gross floor area of approximately 268,670.81 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,296,000,000, of which approximately RMB909,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 21 January 2088 for residential use.	As at the valuation date, the property was under construction.	1,114,000,000 (70.0% interest attributable to the Group: RMB779,800,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511100–2017–006 dated 5 December 2017, the land use rights of a parcel of land with a site area of approximately 89,630.04 sq.m. were contracted to be granted to Leshan Huarui Real Estate Development Co., Ltd. (樂山華瑞房地產開發有限公司, “**Leshan Huarui**”, a 70.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB500,000,000.

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2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 51110020180006, permission towards the planning of the aforesaid land parcel with a site area of approximately 89,630.04 sq.m. has been granted to Leshan Huarui.
3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Le Shan Shi Bu Dong Chan Quan Di No. 0006313, the land use rights of the aforesaid land parcel with a site area of approximately 89,630.04 sq.m. have been granted to Leshan Huarui for a term expiring on 21 January 2088 for residential use.
4. Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 511100201800023, 511100201800024, 511100201900005 and 511100201900006 in favour of Leshan Huarui, Leshan Lanshan with a total gross floor area of approximately 268,670.81 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits—Nos. 511100201806070101S, 511100201806070201S, 511100201906250201S and 511100201906250301S in favour of Leshan Huarui, permission by the relevant local authority was given to commence the construction of Leshan Lanshan with a gross floor area of approximately 268,670.81 sq.m.
6. Pursuant to 15 Pre-sale Permits—Le Shan Zhu Jian 2018 Fang Yu Shou Zheng Di Nos. 57 and 80, Le Shan Zhu Jian 2019 Fang Yu Shou Zheng Di Nos. 21, 27, 42, 58, 61, 62, 78, 79, 97 and 109, Le Shan Zhu Jian 2020 Fang Yu Shou Zheng Di Nos. 004, 021 and 041 in favour of Leshan Huarui, the Group is entitled to sell portions of Leshan Lanshan (representing a total gross floor area of approximately 225,739.02 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	195,607.67	
	Retail	2,266.25	
	Ancillary	7,276.82	
	Car parking space	43,694.83	1,573
	Others	<u>19,825.24</u>	
	Total:	<u>268,670.81</u>	<u>1,573</u>

8. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 182,010.14 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,339,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,737,000,000.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,500 to RMB7,000 per sq.m. for middle-rise residential units, RMB11,000 to RMB12,000 for high-end low-rise residential units, RMB21,000 to RMB27,000 per sq.m. for retail units on the first floor basis and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Leshan Huarui is legally and validly in possession of the land use rights of the property. As land use rights are subject to a mortgage, Leshan Huarui has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Leshan Huarui has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Leshan Huarui has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
46.	Unsold units of Leshan International Mansion No. 74 Yutao Street Shizhong District Leshan City Sichuan Province The PRC (樂山國際公館)	Leshan International Mansion is located at the eastern side of Minjiang River enjoying graceful landscape. It is well-served by public transportation. The locality is a residential area with various residential developments, retail units and schools. Leshan International Mansion occupies 7 parcels of land with a total site area of approximately 127,204.09 sq.m., which is a residential and commercial development completed in 2019. The property comprises the unsold units of Leshan International Mansion with a total gross floor area of approximately 3,693.81 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. The land use rights of the property have been granted for a term expiring on 27 February 2044 for composite use.	As at the valuation date, the property was vacant for sale.	12,000,000 (100.0% interest attributable to the Group: RMB12,000,000)

Notes:

- Pursuant to 7 State-owned Land Use Rights Certificates—Le Zhong Guo Yong (2010) Di Nos. 00224 and 00225 and Le Zhong Guo Yong (2010) Di Nos. 00082 to 00086, the land use rights of 7 parcels of land on which the property is located with a total site area of approximately 127,204.09 sq.m. have been granted to Leshan Leading Real Estate Development Co., Ltd. (樂山領地房地產開發有限公司, “**Leshan Leading**”, an indirect wholly-owned subsidiary of the Company) for a term of 50 years expiring on 27 February 2044 for composite use.
- Pursuant to 6 Construction Work Planning Permits—Jian Zi Di Nos. 511100201100124, 511100201200081, 511100201200083, 511100201400005, 511100201600034 and 511100201400012 in favour of Leshan Leading, Leshan International Mansion with a total gross floor area of approximately 575,763.88 sq.m. (including the property) has been approved for construction.
- Pursuant to 7 Construction Work Commencement Permits—Nos. 511102201112290101, 511100201301090201, 511100201301090101, 5111100201403050101, 511100201610110101S, 511100201403190101 and 511100201511300101S in favour of Leshan Leading, permission by the relevant local authority was given to commence the construction of Leshan International Mansion with a total gross floor area of approximately 575,762.90 sq.m. (including the property).

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4. Pursuant to 13 Pre-sale Permits—Le Shi Zhu Jian (2012) Fang Yu Shou Zheng Di No. 51 and Le Shi Zhu Jian (2012) Fang Yu Shou Zheng Di Nos. 13, 24, 48 and 37, and Le Shi Zhu Jian (2014) Fang Yu Shou Zheng Di No. 17, and Le Shi Zhu Jian Fang Yu Shou Zheng Di Nos. 19, 30 and 48, and Le Shi Zhu Jian (2016) Fang Yu Shou Zheng Di Nos. 4, 29, 50 and 55 in favour of Leshan Leading, the Group is entitled to sell portions of Leshan International Mansion (representing a total gross floor area of approximately 557,386.90 sq.m. (including the property)) to purchasers.
5. Pursuant to 6 Construction Work Completion and Inspection Certificates—Chuan Le Bei (2014) No. 42, Chuan Le Bei (2015) No. 47, Chuan Le Bei (2016) Nos. 46, 70, 71 and Chuan Le Bei (2018) No. 06 in favour of Leshan Leading, the construction of Leshan International Mansion with a total gross floor area of approximately 505,716.24 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. Pursuant to 5 Building Ownership Certificates—Le Fang Quan Zheng Le Shan Shi Zi Di Nos. 201604060205, 201604060501, 201604070035, 201604070182, 201604070213 and 4 Real Estate Title Certificates—Chuan (2019) Le Shan Shi Bu Dong Chan Quan Di Nos. 0038889, 0038892, 0039159 and 0039395, portions of retail units and car parking spaces of the property with a total gross floor area of approximately 1,528.34 sq.m. are owned by Leshan Leading.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	801.91	
	Retail	340.16	
	Car parking spaces	2,551.74	80
	Total:	3,693.81	80

8. As advised by the Group, various residential and retail units and car parking spaces with a total planned gross floor area of approximately 900.92 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB4,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB7,700 per sq.m. for residential units and RMB62,000 to RMB68,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Leshan Leading has legally obtained the building ownership rights of portions of the property according to relevant Building Ownership Certificates mentioned in note 6.

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11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	Yes
e.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
f.	Building Ownership Certificate/Real Estate Title Certificate (Building)	Portion

12. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
47.	Zunyi Lantai House located at the intersection of Shanghai Road and Ningbo Road Huichuan District Zunyi City Guizhou Province The PRC (遵義蘭台府)	Zunyi Lantai House is located at the southern side of Shanghai Road and the northern side of Fenghuang Mountain Park. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. The property occupies a parcel of land with a site area of approximately 39,759.46 sq.m., which will be developed into a residential and commercial development. The property is scheduled to be completed in June 2022, upon completion, the property will have a planned gross floor area of approximately 130,977.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB874,000,000, of which approximately RMB535,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 17 June 2089 for residential use and 16 June 2059 for commercial use.	As at the valuation date, the property was under construction.	649,000,000 (55.0% interest attributable to the Group: RMB356,950,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 520300–2019-CR-0098 dated 17 June 2019, the land use rights of a parcel of land with a site area of approximately 39,760.00 sq.m. were contracted to be granted to Guizhou Chuanda Real Estate Development Co., Ltd. (貴州川達房地產開發有限公司, “Guizhou Chuanda”, a 55.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB362,620,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 520000201820101, permission towards the planning of the aforesaid land parcel with a site area of approximately 39,760.00 sq.m. has been granted to Guizhou Chuanda.

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3. Pursuant to a Real Estate Title Certificate (Land)—Qian (2019) Zun Yi Shi Bu Dong Chan Quan Di No. 0130333, the land use rights of the aforesaid land parcel with a site area of approximately 39,759.46 sq.m. have been granted to Guizhou Chuanda for terms expiring on 17 June 2089 for residential use and 16 June 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 520000201823403 in favour of Guizhou Chuanda, Zunyi Lantai House with a gross floor area of approximately 130,977.00 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 5203031910160001-SX-001 and 5203031910160001-SX-002 in favour of Guizhou Chuanda, permission by the relevant local authority was given to commence the construction of Zunyi Lantai House with a total gross floor area of approximately 130,977.00 sq.m.
6. Pursuant to 4 Pre-sale Permits—Zun Shi Shang Fang Yu Shou Zun Zi (2019 Nian) Di No. 172 and Zun Shi Shang Fang Yu Shou Zun Zi (2020 Nian) Di Nos. 009, 028 and 059 in favour of Guizhou Chuanda, the Group is entitled to sell portions of Zunyi Lantai House (representing a total gross floor area of approximately 98,131.07 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	89,773.88	
	Retail	8,357.19	
	Ancillary	5,439.93	
	Car parking space	<u>27,406.00</u>	<u>723</u>
	Total:	<u>130,977.00</u>	<u>723</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 27,195.83 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB282,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,242,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB11,500 per sq.m. for residential units, RMB31,000 to RMB39,000 per sq.m. for retail units on the first floor and RMB90,000 to RMB110,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Guizhou Chuanda is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Guizhou Chuanda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Guizhou Chuanda has the rights to legally pre-sell portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
48.	Portions of Meishan Kaixuan International Mansion located at the southwest of the intersection of Hubin Road and Meizhou Avenue Dongpo District Meishan City Sichuan Province (眉山凱旋國際公館)	Meishan Kaixuan International Mansion is located at the western side of Minjiang River and the southern side of Suzhe Park, enjoying graceful landscape. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Meishan Kaixuan International Mansion occupies 13 parcels of land with a total site area of approximately 256,302.68 sq.m., which will be developed into a residential and commercial development. Portion of the project was completed between 2016 and 2020 (the “Completed Portion”). The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in December 2020. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 169,496.87 sq.m. The property comprises the unsold units of the Completed Portion and CIP of Meishan Kaixuan International Mansion with a total gross floor area of approximately 220,921.21 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB585,000,000, of which approximately RMB539,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 30 May 2072, 26 October 2074 and 31 December 2078 for residential use, 30 May 2042, 26 October 2044 and 31 December 2048 for commercial use, and 31 December 2058 for composite use.	As at the valuation date, the unsold units of the Completed Portion was vacant and the CIP of the property was under construction.	1,465,000,000 (100.0% interest attributable to the Group: RMB1,465,000,000)

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Notes:

1. Pursuant to 13 State-owned Land Use Rights Certificates—Mei Shi Guo Yong (2006) Di Nos. 0374 to 0376 and 0107, Mei Shi Guo Yong (2008) Di No. 22570, Mei Shi Guo Yong (2009) Di Nos. 20094 and 11777, Mei Shi Guo Yong (2012) Di Nos. 03666, 03667, 05540, 05539, 05541 and 05542, the land use rights of 13 parcels of land with a total site area of approximately 256,302.68 sq.m. have been granted to Leading Real Estate Group Co., Ltd. (領地房地產集團有限公司, “**Leading Real Estate**”, renamed as Leading Group Co., Ltd. (領地集團有限公司, “**Leading Group**”, an indirect wholly-owned subsidiary of the Company) for the terms expiring on 30 May 2072, 26 October 2074 and 31 December 2078 for residential use, 30 May 2042, 26 October 2044 and 31 December 2048 for commercial use, and 31 December 2058 for composite use.
2. Pursuant to 7 Construction Work Planning Permits—Jian Zi Di Nos. 2013–52, 2013–68, 2013–74, 2014–6, 2015–121, 2017–71 and 2018–42 in favour of Leading Real Estate, Meishan Kaixuan International Mansion with a total gross floor area of approximately 765,839.46 sq.m. (including the property) has been approved for construction.
3. Pursuant to 7 Construction Work Commencement Permits—Nos. 513800201308080301, 513800201309100301, 513800201310010201, 513800201404210101, 513800201511040101, 513800201712290101 and 513800201805280201 in favour of Leading Real Estate, permissions by the relevant local authority were given to commence the construction of Meishan Kaixuan International Mansion with a total gross floor area of approximately 765,839.46 sq.m. (including the property).
4. Pursuant to 21 Pre-sale Permits—(2013) Fang Yu Shou Zheng Di Nos. 67 and 75, (2014) Fang Yu Shou Zheng Di Nos. 15, 21, 25, 41 and 44, (2015) Fang Yu Shou Zheng Di Nos. 37 and 68, (2018) Fang Yu Shou Zheng Di Nos. 7, 18, 20, 25, 41, 44, 50, 58, 73, 78 and 94, (2020) Fang Yu Shou Zheng Di No. 35 in favour of Leading Real Estate, the Group is entitled to sell portions of Meishan Kaixuan International Mansion (representing a total gross floor area of approximately 728,174.43 sq.m. (including the Completed Portion and portions of CIP of the property)) to purchasers.
5. Pursuant to 48 Construction Work Completion and Inspection Certificates—Bei 2016 Nos. 114, 105, 106, 107, 116, 115, 112, 111, 110, 109, 108, 113, 117, 135, 134, 133, 132, 131, 130, 129, 128, 127, 126, 125, 124, 123, 122, 121, 120, 119, 118 and Bei 2017 No. 100, Bei 2020 Nos. 18 to 33 and 2 Construction Work Completion and Inspection Tables in favour of Leading Real Estate, the construction of the Completed Portion of the project with a total gross floor area of approximately 589,391.88 sq.m. has been completed and passed the inspection acceptance.
6. Pursuant to 29 Real Estate Title Certificates—Chuan (2017) Mei Shan Shi Bu Dong Chan Quan Di Nos. 0013462, 0013463, 0013465, 0013466, 0013467, 0013468, 0013470, 0013471, 0013472, 0013473, 0013451, 0013450, 0013452, 0013453, 0013454, 0013436, 0013456, 0013457, 0013458, 0013437, 0013459, 0013460, 0013461, 0007694, 0007695 and Chuan (2019) Mei Shan Shi Bu Dong Chan Quan Di Nos. 0021358, 0025149, 0025150 and 0024787 in favour of Leading Real Estate, portions of the Completed Portion of the project with a total gross floor area of approximately 65,829.61 sq.m (including the property) are owned by Leading Real Estate.

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7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	2,714.61	
	Retail	21,242.78	
	Car parking space	27,466.95	1,123
	Sub-total:	<u>51,424.34</u>	<u>1,123</u>
Group IV—held under development by the Group (CIP)	Residential	125,632.62	
	Retail	1,282.85	
	Ancillary	888.90	
	Car parking space	22,155.40	829
	Others	19,537.10	
	Sub-total:	<u>169,496.87</u>	<u>829</u>
	Total:	<u><u>220,921.21</u></u>	<u><u>1,952</u></u>

8. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 132,234.45 sq.m. in Group IV of the property have been pre-sold to various third parties at a total consideration of RMB1,078,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,158,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,500 to RMB8,800 per sq.m. for residential units, RMB24,000 to RMB27,000 per sq.m. for retail units on the first floor and RMB78,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, portions of the unsold units of the Completed Portion of the project are subject to a mortgage in favour of a third party.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Leading Real Estate is legally and validly in possession of the land use rights of portions of the property according to the relevant State-owned Land Use Rights Certificates mentioned in note 1;
 - Leading Real Estate has obtained all requisite construction work approvals in respect of the actual development progress of the property;
 - Leading Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits; and
 - Leading Real Estate has legally obtained the building ownership rights of portion of the property according to relevant Real Estate Title Certificates mentioned in note 6. As portions of the unsold units of the Completed Portion of the project are subject to a mortgage, Leading Real Estate has the rights to occupy and use the mortgaged properties, but the transfer of them would be restricted until the mortgage have been released.
13. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Certificate | Yes |
| b. Construction Work Planning Permit | Yes |
| c. Construction Work Commencement Permit | Yes |
| d. Pre-sale Permit | Yes |
| e. Construction Work Completion and Inspection Report/Certificate/Table/Report | Portion |
| f. Real Estate Title Certificate (Building) | Portion |
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date</u> RMB	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date</u> RMB
Group II—held for sale by the Group	425,000,000	100.0%	425,000,000
Group IV—held under development by the Group	<u>1,040,000,000</u>	<u>100.0%</u>	<u>1,040,000,000</u>
Total:	<u>1,465,000,000</u>	<u>100.0%</u>	<u>1,465,000,000</u>

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
49.	Unsold units of Meishan Kaixuan Square located at the northeast of the intersection of Suyuan Road and Dongpo Avenue Dongpo District Meishan City Sichuan Province The PRC (眉山凱旋廣場)	Meishan Kaixuan Square is located the northeast of the intersection of Suyuan Road and Dongpo Avenue. The locality is a residential area with various residential developments with street front shops, schools and parks. The project occupies 7 parcels of land with a total site area of approximately 73,975.87 sq.m., which was a residential and commercial development completed in various stages between 2012 to 2015. The property comprises the unsold units of Meishan Kaixuan Square with a total gross floor area of approximately 17,379.08 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. The land use rights of the property have been granted for terms expiring on 26 December 2075 and 30 December 2075 for residential use, 26 December 2045 and 30 December 2045 for commercial use, and 27 December 2055 for composite use.	As at the valuation date, portions of the property were temporarily leased to various tenants for retail, office and car parking spaces uses, whilst the remaining portions were vacant for sale.	64,000,000 (78.5% interest attributable to the Group: RMB50,240,000)

Notes:

- Pursuant to 7 State-owned Land Use Rights Certificates—Mei Shi Guo Yong (2009) Di Nos. 11323, 11339, 11340, 11341, 11342, 12789 and 12790, the land use rights of 7 parcels of land on which the property is located with a total site area of approximately 73,975.87 sq.m. (including the property) have been granted to Sichuan Land Real Estate Development Co., Ltd.. (四川陸地房地產開發有限公司, “Sichuan Land”, a 78.50%-owned subsidiary of the Company) for terms expiring on 26 December 2075 and 30 December 2075 for residential use, 26 December 2045 and 30 December 2045 for commercial use, and 27 December 2055 for composite use.
- Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 2009–227, 2011–13, 2013–3 and 2013–9 in favour of Sichuan Land, Meishan Kaixuan Square with a total gross floor area of approximately 251,312.79 sq.m. (including the property) has been approved for construction.

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3. Pursuant to 4 Construction Work Commencement Permits—Nos. 513800200912180101, 513800201103180201, 513800201302280101 and 513800201304150101 in favour of Sichuan Land, permission by the relevant local authority was given to commence the construction of Meishan Kaixuan Square with a total gross floor area of approximately 259,623.98 sq.m. (including the property).
4. Pursuant to 13 Pre-sale Permits—(2010) Fang Yu Shou Zheng Di Nos. 56, 58, (2011) Fang Yu Shou Zheng Di Nos. 49, 75, (2013) Fang Yu Shou Zheng Di Nos. 20, 29, 30, 38, 66, 74 and (2014) Fang Yu Shou Zheng Di Nos. 16, 29 and 64 in favour of Sichuan Land, the Group is entitled to sell portions of Meishan Kaixuan Square (representing a total gross floor area of approximately 247,029.90 sq.m. (including the property)) to purchasers.
5. Pursuant to 21 Construction Work Completion and Inspection Certificates—Bei 2012 Nos. 007 to 013, 016 to 018, 044 to 046 and Bei 2015 Nos. 071 to 078 in favour of Sichuan Land, the construction of Meishan Kaixuan Square with a total gross floor area of approximately 252,558.45 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. Pursuant to 5 Building Ownership Certificates and 4 Real Estate Title Certificates—Mei Quan Fang Quan Zheng Zi Di Nos. 0199773, 0268937, 0268939, 0268946 and 0301950, and Chuan (2017) Mei Shan Shi Bu Dong Chan Quan Di Nos. 0024791, 0024792 and 0024793, and Chuan (2019) Mei Shan Shi Bu Dong Chan Quan Di No. 0021122 in favour of Sichuan Land, portions of the property with a total gross floor area of approximately 34,891.54 sq.m (including portions of the property) are owned by Sichuan Land.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> <u>(sq.m.)</u>	<u>No. of car parking space</u>
Group II—held for sale by the Group	Retail	14,949.27	
	Car parking spaces	<u>2,429.81</u>	<u>75</u>
	Total:	<u>17,379.08</u>	<u>75</u>

8. Pursuant to 11 Tenancy Agreements entered into between Sichuan Land and various third parties, portions of the property with a total gross floor area of approximately 13,902.17 sq.m. are temporarily leased to 8 independent third parties for retail, office and car parking spaces purposes with expiry dates between 9 November 2020 and 28 February 2027 and the total monthly rent receivable as at the valuation date was approximately RMB398,000, exclusive of management fees, water and electricity charges.
9. As advised by the Group, various retail units with a total gross floor area of approximately 5,350.66 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB29,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB13,000 per sq.m. for retail units on the first floor and RMB65,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. Pursuant to a Mortgage Contract, portion of the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Sichuan Land has legally obtained the building ownership rights of portions of the property according to relevant Building Ownership Certificates and Real Estate Title Certificates mentioned in note 6. As portion of the property is subject to mortgage, Sichuan Land has the rights to occupy and use the mortgaged portion, but the transfer of it would be restricted until the mortgage has been released.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Construction Work Planning Permit	Yes
c. Construction Work Commencement Permit	Yes
d. Pre-sale Permit	Yes
e. Construction Work Completion and Inspection Certificate/Table/Report	Yes
f. Building Ownership Certificate/Real Estate Title Certificate (Building)	Portion
14. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
50.	Unsold units of Meishan Huayu Phase II located at the southeast of the intersection of Suyuan Road and Chongguang Road Dongpo District Meishan City Sichuan Province The PRC (眉山花嶼二期)	Meishan Huayu Phase II is located at southeast of the intersection of Suyuan Road and Chongguang Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Meishan Huayu Phase II occupies a parcel of land with a site area of approximately 9,101.80 sq.m., which was a residential and commercial development completed in 2020. The property comprises the unsold units of Meishan Huayu Phase II with a total gross floor area of approximately 5,543.71 sq.m. The classification, usage and gross floor area details of the property are set out in note 6. The land use rights of the property have been granted for terms expiring on 31 January 2088 for residential use and 31 January 2058 for commercial use.	As at the valuation date, the property was vacant for sale.	19,000,000 (60.0% interest attributable to the Group: RMB11,400,000)

Notes:

- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Mei Shan Shi Bu Dong Chan Quan Di No. 0006662, the land use rights of a parcel of land on which the property is located with a site area of approximately 9,101.80 sq.m. have been granted to Meishan Weichuang Real Estate Development Co., Ltd. (眉山唯創房地產開發有限公司, “**Meishan Weichuang**”, a 60.0%-owned subsidiary of Meishan Leading Real Estate Development Co., Ltd. (眉山領地房地產開發有限公司, “**Meishan Leading**”, an indirect wholly-owned subsidiary of the Company)) for terms expiring on 31 January 2088 for residential use and 31 January 2058 for commercial use.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2018–29 in favour of Meishan Weichuang, Meishan Huayu Phase II with a gross floor area of approximately 44,369.10 sq.m. (including the property) has been approved for construction.
- Pursuant to a Construction Work Commencement Permit—No. 513800201804240101 in favour of Meishan Weichuang, permission by the relevant local authority was given to commence the construction of Meishan Huayu Phase II with a gross floor area of approximately 44,369.10 sq.m. (including the property).

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4. Pursuant to 3 Pre-sale Permits—(2018) Fang Yu Shou Zheng Di Nos. 27, 52 and (2019) Fang Yu Shou Zheng Di No. 86 in favour of Meishan Weichuang, the Group is entitled to sell portions of Meishan Huayu Phase II (representing a total gross floor area of approximately 37,941.58 sq.m. (including the property)) to purchasers.
5. Pursuant to 4 Construction Work Completion and Inspection Certificates—Bei (2020) Nos. 66 to 69 in favour of Meishan Weichuang, the construction of Meishan Huayu Phase II with a total gross floor area of approximately 44,280.26 sq.m. has been completed and passed the inspection acceptance.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Retail	331.06	
	Car parking space	<u>5,212.65</u>	<u>197</u>
	Total:	<u>5,543.71</u>	<u>197</u>

7. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB12,000 to RMB15,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Meishan Weichuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 1;
 - b. Meishan Weichuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Meishan Weichuang has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits.

APPENDIX III

PROPERTY VALUATION REPORT

9. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | Real Estate Title Certificate (Land) | Yes |
| b. | Construction Work Planning Permit | Yes |
| c. | Construction Work Commencement Permit | Yes |
| d. | Pre-sale Permit | Yes |
| e. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
| f. | Real Estate Title Certificate (Building) | No |
10. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
51.	Unsold units of Meishan Kaixuan International Mansion Phase II located at the northeast of the intersection of Jiangxiang Road and Qingyi Road Dongpo District Meishan City Sichuan Province The PRC (眉山凱旋國際公館二期)	Meishan Kaixuan International Mansion Phase II is located at the eastern side of Jianggong Street and the southern side of Suzhe Park. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Meishan Kaixuan International Mansion Phase II occupies a parcel of land with a site area of approximately 39,837.50 sq.m., which was a residential development completed in 2019. The property comprises the unsold units of Meishan Kaixuan International Mansion Phase II with a total gross floor area of approximately 8,179.22 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. The land use rights of the property have been granted for terms expiring on 4 August 2085 for residential use and 4 August 2055 for commercial use.	As at the valuation date, the property was vacant for sale.	58,000,000 (57.0% interest attributable to the Group: RMB33,060,000)

Notes:

- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2016) Mei Shan Shi Bu Dong Chan Quan Di No. 217828, the land use rights of a parcel of land on which the property is located with a site area of approximately 39,837.50 sq.m. have been granted to Sichuan Yuandi Real Estate Development Co., Ltd. (四川源地房地產開發有限公司, “Sichuan Yuandi”, a 57.0%-owned subsidiary of the Company) for terms expiring on 4 August 2085 for residential use and 4 August 2055 for commercial use.
- Pursuant to 4 Construction Work Planning Permits—Jian Zi Di Nos. 2014–121, 2016–57, 2016–118 and 2017–22 in favour of Sichuan Yuandi, Meishan Kaixuan International Mansion Phase II with a total gross floor area of approximately 182,585.21 sq.m. (including the property) has been approved for construction.
- Pursuant to 5 Construction Work Commencement Permits—Nos. 513800201412030101, 513800201605250101, 513800201607040101, 513800201791190101 and 513800201705250101 in favour of Sichuan Yuandi, permission by the relevant local authority was given to commence the construction of Meishan Kaixuan International Mansion Phase II with a total gross floor area of approximately 182,585.21 sq.m. (including the property).

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PROPERTY VALUATION REPORT

4. Pursuant to 7 Pre-sale Permits—(2014) Fang Yu Shou Zheng Di No. 77 and (2016) Fang Yu Shou Zheng Di No. 46, (2017) Fang Yu Shou Zheng Di Nos. 11, 20, 33 and 53, (2018) Fang Yu Shou Zheng Di No. 26 in favour of Sichuan Yuandi, the Group is entitled to sell portions of Meishan Kaixuan International Mansion Phase II (representing a total gross floor area of approximately 167,007.00 sq.m. (including the property)) to purchasers.
5. Pursuant to 10 Construction Work Completion and Inspection Certificates—Bei 2017 No. 027, Bei 2018 Nos. 044, 045, 046, Bei 2019 Nos. 64 to 69 in favour of Sichuan Yuandi, the construction of portions of Meishan Kaixuan International Mansion Phase II with a total gross floor area of approximately 177,868.51 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. Pursuant to a Real Estate Title Certificate—Chuan (2017) Mei Shan Shi Bu Dong Chan Quan Di No. 00016724 dated 31 May 2017, portion of the property with a gross floor area of approximately 4,523.84 sq.m. (including the property) is owned by Sichuan Yuandi.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Retail	4,935.27	
	Car parking spaces	<u>3,243.95</u>	<u>95</u>
	Total:	<u>8,179.22</u>	<u>95</u>

8. As advised by the Group, various retail units with a total planned gross floor area of approximately 411.43 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,800,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB21,000 to RMB22,000 per sq.m. for retail units on the first floor and RMB90,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Sichuan Yuandi has legally obtained the building ownership rights of portions of the property according to relevant Real Estate Title Certificate mentioned in note 6; and
 - b. Sichuan Yuandi has not obtained the building ownership rights with respect to the unsold car parking spaces. The aforesaid unsold car parking spaces were constructed on the land of which Sichuan Yuandi has legally obtained the land use rights, and the unsold car parking spaces has obtained all requisite construction work approvals and has been completed and passed the inspection acceptance. Sichuan Yuandi has the rights to legally occupy, use, lease and dispose of the aforesaid unsold car parking spaces.

APPENDIX III

PROPERTY VALUATION REPORT

11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | Real Estate Title Certificate (Land) | Yes |
| b. | Construction Work Planning Permit | Yes |
| c. | Construction Work Commencement Permit | Yes |
| d. | Pre-sale Permit | Yes |
| e. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
| f. | Real Estate Title Certificate (Building) | Portion |
12. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
52.	Meishan Lantai House located at the northwest of the intersection of Fucheng Road and Shuangfeng Road Meishan City Sichuan Province The PRC (眉山蘭台府)	Meishan Lantai House is located at the northwest of intersection of Fucheng Road and Shuangfeng Road. The locality is a mature residential area. The property comprises a parcel of land with a site area of approximately 109,813.61 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in December 2022, upon completion, the project will have a total planned gross floor area of approximately 369,014.25 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,671,000,000, of which approximately RMB1,046,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 28 January 2089 for residential use and 28 January 2059 for commercial service use.	As at the valuation date, the property was under construction.	1,366,000,000 (55.0% interest attributable to the Group: RMB751,300,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 2018(S)-2 dated 29 January 2019, the land use rights of a parcel of land with a site area of approximately 109,813.61 sq.m. were contracted to be granted to Meishan Huarui Hongda Property Co., Ltd. (眉山華瑞宏大置業有限公司, “Meishan Huarui Hongda”, a 55.0%-owned subsidiary of the Company) for terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB577,000,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2019-11, permission towards the planning of the aforesaid land parcel with a site area of approximately 109,813.61 sq.m. has been granted to Meishan Huarui Hongda.

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PROPERTY VALUATION REPORT

3. Pursuant to a Real Estate Title Certificate (Land)—Chuan 2019 Mei Shan Shi Bu Dong Chan Quan Di No. 0006738, the land use rights of the aforesaid land parcel with a site area of approximately 109,813.61 sq.m. have been granted to Meishan Huarui Hongda for terms expiring on 28 January 2089 for residential use and 28 January 2059 for commercial service use.
4. Pursuant to 3 Construction Work Planning Permits—Jian Zi Di Nos. 2019–19 to 2019–21 in favour of Meishan Huarui Hongda, portions of Meishan Lantai House with a total gross floor area of approximately 369,014.25 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits—Nos. 513800201904040201, 513800201904040301 and 513800202002260101 in favour of Meishan Huarui Hongda, permission by the relevant local authority was given to commence the construction of portions of Meishan Lantai House with a total gross floor area of approximately 369,014.25 sq.m.
6. Pursuant to 10 Pre-sale Permits—2019 Fang Yu Shou Zheng Nos. 26, 40, 57, 72, 77 and 93, and 2020 Fang Yu Shou Zheng Nos. 7, 16, 37 and 54 in favour Meishan Huarui Hongda, the Group is entitled to sell portions of Meishan Lantai House (representing a total gross floor area of approximately 230,215.24 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	262,938.05	
	Retail	10,863.14	
	Ancillary	7,688.43	
	Car parking space	71,265.57	2,381
	Others	16,259.06	
Total:		369,014.25	2,381

8. As advised by the Group, various residential and retail units and car parking space with a total gross floor area of approximately 153,574.61 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,143,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,328,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB8,500 per sq.m. for high-rise residential units, RMB11,000 to RMB13,000 per sq.m. for middle-rise residential units, RMB18,000 to RMB22,000 per sq.m. for retail units on the first floor and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

APPENDIX III

PROPERTY VALUATION REPORT

11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Meishan Huarui Hongda is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3. As land use rights are subject to a mortgage, Meishan Huarui Hongda has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Meishan Huarui Hongda has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Meishan Huarui Hongda has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
53.	Meishan Guanjiang House located at the southwest of the intersection of Binjiang Avenue and Qitong Road Dongpo District Meishan City Sichuan Province The PRC (眉山觀江府)	Meishan Guanjiang House is located at the southwest of intersection of Binjiang Avenue and Qitong Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 65,694.74 sq.m., which will be developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in March 2022, upon completion, the property will have a planned gross floor area of approximately 170,220.76 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB969,000,000, of which approximately RMB534,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 18 July 2089 for residential use and 18 July 2059 for commercial use.	As at the valuation date, the property was under construction.	625,000,000 (55.0% interest attributable to the Group: RMB343,750,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Confirmation Letter—No. S-6-1 dated 19 July 2019, the land use rights of a parcel of land with a site area of approximately 65,694.74 sq.m. were contracted to be granted to Meishan Chuanruida Real Estate Development Co., Ltd. (眉山川瑞達房地產開發有限公司, “Meishan Chuanruida”, a 55.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB372,500,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2019-27, permission towards the planning of the aforesaid land parcel with a site area of approximately 65,694.74 sq.m. has been granted to Meishan Chuanruida.

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PROPERTY VALUATION REPORT

3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Mei Shan Shi Bu Dong Chan Quan Di No. 0031730, the land use rights of the aforesaid land parcel with a site area of approximately 65,694.74 sq.m. have been granted to Meishan Chuanruida for terms expiring on 18 July 2089 for residential use and 18 July 2059 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits—Jian Zi Di Nos. 2019–64 and 2019–65 in favour of Meishan Chuanruida, Meishan Guanjiang House with a total gross floor area of approximately 170,220.76 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 513800201910230201 and 513800201910230301 in favour of Meishan Chuanruida, permission by the relevant local authority was given to commence the construction of Meishan Guanjiang House with a total gross floor area of approximately 170,220.76 sq.m.
6. Pursuant to 5 Pre-sale Permits—2019 Fang Yu Shou Zheng Di Nos. 95 and 96, 2020 Fang Yu Shou Zheng Di Nos. 21, 36 and 48 in favour of Meishan Chuanruida, the Group is entitled to sell portions of Meishan Guanjiang House (representing a total gross floor area of approximately 96,364.35 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	128,830.85	
	Retail	1,560.67	
	Ancillary	6,643.83	
	Car parking space	22,685.41	778
	Others	10,500.00	
	Total:	170,220.76	778

8. As advised by the Group, various residential units with a total gross floor area of approximately 32,861.24 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB282,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,253,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB8,500 per sq.m. for high-rise residential units, RMB12,500 to RMB14,000 per sq.m. for middle-rise residential units, RMB20,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

APPENDIX III

PROPERTY VALUATION REPORT

11. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Meishan Chuanruida is legally and validly in possession of the land use rights of the property. As land use rights are subject to a mortgage, Meishan Chuanruida has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Meishan Chuanruida has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Meishan Chuanruida has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Confirmation Letter	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
54.	Portions of Haifeng Tianyu located at No. KJC-B07 Land Parcel Eco-technology City Haifeng County Shanwei City Guangdong Province The PRC (海豐天嶼)	Haifeng Tianyu is located at the middle of Ecological Technology City. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Haifeng Tianyu occupies a parcel of land with a site area of approximately 35,774.20 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2020 (the “Completed Portion”). The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in March 2022, upon completion, the CIP will have a total planned gross floor area of approximately 110,935.69 sq.m.	As at the valuation date, the unsold units of the Completed Portion of the property was vacant for sale, and the CIP of the property was under construction.	920,000,000 (100.0% interest attributable to the Group: RMB920,000,000) (Refer to note 11)
		The property comprises the unsold units of the Completed Portion and CIP of Haifeng Tianyu with a total gross floor area of approximately 201,556.77 sq.m. The classification, usage and gross floor area details of the property are set out in note 8.		
		As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB577,000,000, of which approximately RMB414,000,000 had been paid up to the valuation date.		
		The land use rights of the property have been granted for a term expiring on 7 May 2088 for residential use.		

APPENDIX III

PROPERTY VALUATION REPORT

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—2018 (Chu) 010 dated 29 May 2018 and a Supplementary Contract dated 29 May 2018, the land use rights of a parcel of land with a site area of approximately 35,774.20 sq.m. were contracted to be granted to Shanwei Leading Real Estate Development Co., Ltd. (汕尾市領地房地產開發有限公司, “**Shanwei Leading**”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB454,953,100.
2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 1800014, permission towards the planning of the aforesaid land parcel with a site area of approximately 35,774.20 sq.m. has been granted to Shanwei Leading.
3. Pursuant to a Real Estate Title Certificate (Land)—Yue (2018) Hai Feng Xian Bu Dong Chan Quan Di No. 0006526, the land use rights of the aforesaid land parcel with a site area of approximately 35,774.20 sq.m. have been granted to Shanwei Leading for a term expiring on 7 May 2088 for residential use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 1800035 in favour of Shanwei Leading, Haifeng Tianyu with a gross floor area of approximately 203,818.08 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—No. 441521201810260501 and 441521201810160301 in favour of Shanwei Leading, permissions by the relevant local authority were given to commence the construction of Haifeng Tianyu with a total gross floor area of approximately 203,666.32 sq.m.
6. Pursuant to 4 Pre-sale Permits—Hai Yu Zi Di Nos. 2018–017, 2019–004, 2020–001 and 2020–010 in favour of Shanwei Leading, the Group is entitled to sell portions of Haifeng Tianyu (representing a total gross floor area of approximately 125,879.60 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Table in favour of Shanwei Leading, the construction of the Completed Portion of Haifeng Tianyu with a gross floor area of approximately 92,825.57 sq.m. has been completed and passed the inspection acceptance.

APPENDIX III

PROPERTY VALUATION REPORT

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	71,388.31	
	Retail	2,267.97	
	Car Parking Spaces	16,964.80	601
	Sub-total:	90,621.08	601
Group IV—held under development by the Group (CIP)	Residential	86,308.91	
	Retail	126.77	
	Car Parking Spaces	17,189.95	539
	Ancillary	880.82	
	Others	6,429.24	
	Sub-total:	110,935.69	539
	Total:	201,556.77	1,140

9. As advised by the Group, various residential units with a total gross floor area of approximately 64,242.93 sq.m. of the property in Group II have been pre-sold to various third parties at a total consideration of RMB393,000,000 and various residential units with a total gross floor area of approximately 26,573.64 sq.m. of the property in Group IV have been pre-sold to various third parties at a total consideration of RMB150,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB594,000,000.
11. As advised by the Group, building ownership certificates for 601 car parking spaces of property in Group II with a total gross floor area of approximately 16,964.80 sq.m. could not be obtained. Therefore, we have attributed no commercial value to the aforesaid portion of property. However for reference purpose, we are of the opinion that the market value of the above portion as at the valuation date would be RMB29,000,000 assuming that they could be freely transferred.
12. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,200 per sq.m. for residential units, RMB22,000 to RMB27,000 per sq.m. for retail units on first floor and RMB45,000 to RMB60,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

APPENDIX III

PROPERTY VALUATION REPORT

13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Shanwei Leading is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - Shanwei Leading has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - Shanwei Leading has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | Yes |
| c. Real Estate Title Certificate (Land) | Yes |
| d. Construction Work Planning Permit | Yes |
| e. Construction Work Commencement Permit | Yes |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
| h. Real Estate Title Certificate (Building) | N/A |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group II—held for sale by the Group	489,000,000	100.0%	489,000,000
Group IV—held under development by the Group	<u>431,000,000</u>	<u>100.0%</u>	<u>431,000,000</u>
Total:	<u>920,000,000</u>	<u>100.0%</u>	<u>920,000,000</u>

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
55.	Huizhou Lantai House located at Jinquan Road Beizhan New Town Huicheng District Huizhou City Guangdong Province The PRC (惠州蘭台府)	Huizhou Lantai House is located at the western side of Jinquan Road and the southern side of Baitie Road. The locality is a newly developed residential area with public transportation under construction and with 25 minutes’ driving distance to Huicheng District government. The property comprises a parcel of land with a site area of approximately 83,839.58 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in July 2023, upon completion, the property will have a total planned gross floor area of approximately 268,624.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB2,235,000,000, of which approximately RMB1,779,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 30 June 2088 for residential use and 30 June 2058 for commercial service use.	As at the valuation date, the property was under construction.	1,773,000,000 (100.0% interest attributable to the Group: RMB1,773,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 441301–2017–000036 dated 28 November 2017 and a Supplementary Contract dated 8 December 2017, the land use rights of a parcel of land with a site area of approximately 83,839.60 sq.m. were contracted to be granted to Huizhou Leading Real Estate Development Co., Ltd.. (惠州領地房地產開發有限公司, “**Huizhou Leading**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial service use commencing from the land delivery date. The total land premium was RMB1,253,500,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 441302(2018)10009, permission towards the planning of the aforesaid land parcel with a site area of approximately 99,165.00 sq.m. has been granted to Huizhou Leading.

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3. Pursuant to a Real Estate Title Certificate (Land)—Yue (2018) Hui Zhou Shi Bu Dong Chan Quan Di No. 0102154, the land use rights of the aforesaid land parcel with a site area of approximately 83,839.58 sq.m. have been granted to Huizhou Leading for terms expiring on 30 June 2088 for residential use and 30 June 2058 for commercial service use.
4. Pursuant to 51 Construction Work Planning Permits—Jian Zi Di No. 441302(2018)10328 and 50 subsequent Permits in favour of Huizhou Leading, Huizhou Lantai House with a total gross floor area of approximately 275,421.00 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits—Nos. 441302201805250101, 441302202006300101 and 441302201906270101 in favour of Huizhou Leading, permission by the relevant local authority was given to commence the construction of Huizhou Lantai House with a total gross floor area of approximately 268,624.00 sq.m.
6. Pursuant to 10 Pre-sale Permits—Hui Shi Fang Yu Xu (2018) Nos. 160 and 189, Hui Shi Fang Yu Xu (2019) Nos. 054, 116 and 178, Hui Shi Fang Yu Xu (2020) Nos. 067, 035, 016, 072 and 086 in favour Huizhou Leading, the Group is entitled to sell portions of Huizhou Lantai House (representing a total planned gross floor area of approximately 139,030.96 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	191,007.00	
	Retail	7,198.00	
	Car parking space	67,580.00	1,984
	Ancillary	523.00	
	Others	2,316.00	
Total:		268,624.00	1,984

8. As advised by the Group, various residential units with a total planned gross floor area of approximately 109,264.88 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,205,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be approximately RMB2,519,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB15,000 per sq.m. for residential units, RMB22,000 to RMB25,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Huizhou Leading is legally and validly in possession of the land use rights of the property. As land use rights are subject to a mortgage, Huizhou Leading has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Huizhou Leading has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Huizhou Leading has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
56.	Unsold units of Foshan Haina Long Ting Located at Qinggong Road Chancheng District Foshan City Guangdong Province The PRC (佛山海納瓏庭)	Foshan Haina Long Ting is located at Qinggong Road, Chancheng District. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Foshan Haina Long Ting occupies a parcel of land with a site area of approximately 36,943.01 sq.m., which is a residential development completed in 2017. The property comprises the unsold units of Foshan Haina Long Ting with a total gross floor area of approximately 6,574.33 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. The land use rights of the property have been granted for a term expiring on 13 August 2084 for residential use.	As at the valuation date, the property was vacant for sale.	34,000,000 (100.0% interest attributable to the Group: RMB34,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Fo Chan Guo Yong (2014) Di No. 1101226, the land use rights of a parcel of land on which the property is located with a site area of approximately 36,943.01 sq.m. have been granted to Foshan Chancheng Lingyue Real Estate Development Co., Ltd. (佛山市禪城區領悅房地產開發有限公司, “Foshan Lingyue”, a wholly-owned subsidiary of the Company) for a term of 70 years expiring on 13 August 2084 for residential use.
- Pursuant to 11 Construction Work Planning Permits—Jian Zi Di Nos. 440604201400345, 440604201400265, 440604201400267, 440604201400266, 440604201400346, 440604201400347, 440604201400344, 440604201400348, 440604201400341, 440604201400264 and 440604201600133 in favour of Foshan Lingyue, Foshan Haina Long Ting with a total gross floor area of approximately 114,277.48 sq.m. (including the property) has been approved for construction.
- Pursuant to 8 Construction Work Commencement Permits—Nos. 4406012014111404, 4406012014090503, 4406012014090501, 4406012014111405, 4406012014111406, 4406012014111407, 4406012014112801 and 4406012014090502 in favour of Foshan Lingyue, permission by the relevant local authority was given to commence the construction of Foshan Haina Long Ting with a total gross floor area of approximately 114,243.33 sq.m. (including the property).

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4. Pursuant to 17 Pre-sale Permits—Chan Fang Yu Zi Di Nos. 201611901, 2014008201, 2014008301, 2015007101, 2015007901, 2015011201, 2015011301, 2015002901, 2015011101, 2015013901, 2016004501, 2016004901, 2016005001, 2014007901, 2014007801, 2014008001 and 2014007901 in favour of Foshan Lingyue, the Group is entitled to sell portions of Foshan Haina Long Ting (representing a total gross floor area of approximately 92,615.29 sq.m. (including the property)) to purchasers.
5. Pursuant to 8 Construction Work Completion and Inspection Certificates—Chan Jian Bei Zi 2016 Nos. 7–005, 8–009, 12–013, 12–014 and Chan Jian Bei Zi 2017 Nos. 3–010, 8–008, 8–009 and 8–010 in favour of Foshan Lingyue, the construction of Foshan Haina Long Ting with a total gross floor area of approximately 114,383.40 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. Pursuant to 35 Building Ownership Certificates—Yue Fang Di Quan Zheng Fo Zi Hao Nos. 0015027 to 0015039, 0075911, 0075987 to 0075998, 0080292, 0108598, 0108600, 0108603, 0108604, 0108606, 0108607, 0005700 and 0006645 in favour of Foshan Lingyue, portions of the property with a total gross floor area of approximately 1,879.49 sq.m. are owned by Foshan Lingyue.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Retail	2,835.83	
	Car parking spaces	3,738.50	124
Total:		6,574.33	124

8. As advised by the Group, various retail units and car parking spaces with a total gross floor area of approximately 2,132.59 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB13,500,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 to RMB11,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Foshan Lingyue has legally obtained the building ownership rights of portion of the property according to relevant building ownership certificates mentioned in note 6.

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11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	Portion
e.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
f.	Building Ownership Certificate	Portion

12. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
57.	Unsold units of Foshan Haina Jun Ting located at the intersection of Guangyun Road and Chantan Road Lixi Community Dali Town Nanhai District Foshan City Guangdong Province The PRC (佛山海納君庭)	Foshan Haina Jun Ting is located at the intersection of Guangyun Road and Chantan Road. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Foshan Haina Jun Ting occupies a parcel of land with a site area of approximately 20,536.40 sq.m., which is a residential development completed in 2017. The property comprises the unsold units of Foshan Haina Jun Ting with a total gross floor area of approximately 1,387.88 sq.m. The classification, usage and gross floor area details of the property are set out in note 6. The land use rights of the property have been granted for a term expiring on 27 January 2084 for residential use.	As at the valuation date, the property was vacant for sale.	11,000,000 (100.0% interest attributable to the Group: RMB11,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Nan Fu Guo Yong (2014) Di No. 0707576, the land use rights of a parcel of land on which the property is located with a site area of approximately 20,536.40 sq.m. have been granted to Guangdong Leading Real Estate Development Co., Ltd. (廣東領地房地產開發有限公司, “**Guangdong Leading**”, a wholly-owned subsidiary of the Company) for a term of 70 years expiring on 27 January 2084 for residential use.
- Pursuant to 8 Construction Work Planning Permits—Jian Zi Di Nos. 440605201440684, 440605201440685, 440605201440686, 440605201440510, 440605201440687, 440605201440688, 440605201440509 and 440605201440689 in favour of Guangdong Leading, Foshan Haina Jun Ting with a total gross floor area of approximately 76,568.01 sq.m. (including the property) has been approved for construction.
- Pursuant to 8 Construction Work Commencement Permits—Nos. 440622201408290101-00, 440622201501210901-01, 440622201408290201-00, 440622201501210801-00, 440622201501210701-01, 440622201501210601-00, 440622201501210501-00 and 440622201501210401-00 in favour of Guangdong Leading, permission by the relevant local authority was given to commence the construction of Foshan Haina Jun Ting with a total gross floor area of approximately 76,568.01 sq.m. (including the property).

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4. Pursuant to 8 Pre-sale Permits—Nan Fang Yu Zi Di Nos. 2015030202, 2015029702, 2016011302, 2015007302, 2015011102, 2014036802, 2016011402 and 2014043702 in favour of Guangdong Leading, the Group is entitled to sell portions of Foshan Haina Jun Ting (representing a total gross floor area of approximately 61,501.96 sq.m. (including the property)) to purchasers.
5. Pursuant to 8 Construction Work Completion and Inspection Certificates in favour of Guangdong Leading, the construction of Foshan Haina Jun Ting with a total gross floor area of approximately 76,583.30 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	107.44	
	Retail	315.87	
	Car parking spaces	964.57	33
	Total:	1,387.88	33

7. As advised by the Group, various residential and retail units, and car parking spaces with a total gross floor area of approximately 654.65 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB8,300,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB12,000 per sq.m. for residential units, RMB18,000 to RMB20,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
9. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the property was constructed on the land of which Guangdong Leading has legally obtained the land use rights; Guangdong Leading has obtained all requisite construction work approvals and the property has been completed and passed the inspection acceptance. Guangdong Leading has the rights to legally occupy, use and lease the aforesaid unsold units.
10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	Portion
e.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
f.	Building Ownership Certificate	No
11. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
58.	Unsold units of Foshan Haina Mansion No. 5 Lishui Avenue Nanhai District Foshan City Guangdong Province The PRC (佛山海納公館)	Foshan Haina Mansion is located at No. 5 Lishui Avenue. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Foshan Haina Mansion occupies a parcel of land with a site area of approximately 46,811.90 sq.m., which is a residential and commercial development completed in 2014. The property comprises the unsold units of Foshan Haina Mansion with a total gross floor area of approximately 1,909.45 sq.m. The classification, usage and gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms expiring on 16 September 2079 for residential use and 16 September 2049 for commercial use.	As at the valuation date, portions of the property were vacant for sale and the remaining portion of the property was temporarily rented out.	38,000,000 (100.0% interest attributable to the Group: RMB38,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Fo Fu Nan Guo Yong (2013) Di No. 0801465, the land use rights of a parcel of land on which the property is located with a site area of approximately 46,811.9 sq.m. (including the property) have been granted to Foshan Naihui Leading Real Estate Development Co., Ltd. (佛山市南海領地房地產開發有限公司, “Foshan Nanhai Leading Real Estate”, a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 16 September 2079 for residential use and 40 years expiring on 16 September 2049 for commercial use.
- Pursuant to 14 Real Estate Title Certificates—Yue 2018 Fo Nan Bu Dong Chan Quan Di Nos. 0129539 to 0129544, 0129552, 0129553, 0129555 to 0129560 in favour of Foshan Nanhai Leading Real Estate, portions of the property with a total gross floor area of approximately 2,599.77 sq.m. (including the property) are owned by Foshan Nanhai Leading Real Estate.

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3. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Retail	1,633.25	
	Car parking spaces	<u>276.24</u>	<u>9</u>
	Total:	<u>1,909.49</u>	<u>9</u>

4. As advised by the Group, various retail units and car parking spaces with a total gross floor area of approximately 666.17 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB10,200,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
5. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB21,000 to RMB24,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Foshan Nanhai Leading Real Estate has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates mentioned in note 2.
7. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Certificate | Yes |
| b. Real Estate Title Certificate | Portion |
8. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
59.	Unsold units of Foshan Haina Haoting No. 139 Lishui Avenue Lishui Town Nanhai District Foshan City Guangdong Province The PRC (佛山海納豪庭)	Foshan Haina Haoting is located at No. 139, Lishui Avenue. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Foshan Haina Haoting occupies a parcel of land with a site area of approximately 37,276.30 sq.m., which is a residential and commercial development completed in 2016. The property comprises the unsold retail units of Foshan Haina Haoting with a total gross floor area of approximately 3,759.93 sq.m. The land use rights of the property have been granted for terms expiring on 29 October 2082 for residential use and 29 October 2052 for commercial use.	As at the valuation date, portions of the property were vacant for sale and the remaining portion of the property was temporarily rented out.	55,000,000 (100.0% interest attributable to the Group: RMB55,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Fo Fu Guo Yong (2013) Di No. 0802237, the land use rights of a parcel of land on which the property is located with a site area of approximately 37,276.30 sq.m. have been granted to Foshan Naihui Leading Real Estate Development Co., Ltd. (佛山市南海領地房地產開發有限公司, “Foshan Nanhai Leading Real Estate”, a wholly-owned subsidiary of the Company) for terms expiring on 29 October 2082 for residential use and 29 October 2052 for commercial use.
- Pursuant to 26 Real Estate Title Certificates—Yue 2018 Fo Nan Bu Dong Chan Quan Di Nos. 0207537, 0211948, 0211986, 0212092, 0212107, 0212099, 0212137, 0212138, 0212140, 0212141 to 0212143, 0212158, 0212162, 0212330, 0214505, 0214509, 0214978, 0214981, 0215207, 0215200, 0215210, 0215457, 0215821, 0216201 and 0216419 in favour of Foshan Nanhai Leading Real Estate, the property with a total gross floor area of approximately 3,759.53 sq.m. are owned by Foshan Nanhai Leading Real Estate.

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3. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB24,000 to RMB28,000 per sq.m. for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that Foshan Nanhai Leading Real Estate has legally obtained the building ownership rights of the property according to relevant Real Estate Title Certificates mentioned in note 2.
5. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Real Estate Title Certificate	Yes
6. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
60.	Unsold units of Foshan Haina Haoyuan located at Ganjiao Village Lishui Town Nanhai District Foshan City Guangdong Province The PRC (佛山海納豪苑)	Foshan Haina Haoyuan is located in Ganjiao Village. It is well-served by public transportation. The locality is a residential area with various residential developments with retail units, schools and parks. Foshan Haina Haoyuan occupies a parcel of land with a site area of approximately 21,192.10 sq.m., which is a residential development completed in 2017. The property comprises the unsold 12 car parking spaces of Foshan Haina Haoyuan with a total gross floor area of approximately 419.68 sq.m. The land use rights of the property have been granted for terms expiring on 19 January 2084 for residential use and 19 January 2054 for commercial use.	As at the valuation date, the property was vacant for sale.	1,000,000 (100.0% interest attributable to the Group: RMB1,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Nan Fu Guo Yong (2014) Di No. 0801394, the land use rights of a parcel of land on which the property is located with a site area of approximately 21,192.10 sq.m. have been granted to Foshan Nanhai Leading Real Estate Development Co., Ltd. (佛山市南海領地房地產開發有限公司, “**Foshan Nanhai Leading Real Estate**”, a wholly-owned subsidiary of the Company) for terms expiring on 19 January 2084 for residential use and 19 January 2054 for commercial use.
- Pursuant to 7 Construction Work Planning Permits—Jian Zi Di Nos. 440605201440235, 440605201440352 to 440605201440357 in favour of Foshan Nanhai Leading Real Estate, Foshan Haina Haoyuan with a total gross floor area of approximately 86,050.32 sq.m. (including the property) has been approved for construction.
- Pursuant to 7 Construction Work Commencement Permits—Nos. 440622201405220101-00 and 440622201407030101-00 to 440622201407030601-00 in favour of Foshan Nanhai Leading Real Estate, permissions by the relevant local authority were given to commence the construction of Foshan Haina Haoyuan with a total gross floor area of approximately 86,050.32 sq.m. (including the property).
- Pursuant to 4 Pre-sale Permits—Nan Fang Yu Zi Di Nos. 2014031302, 2015001402, 2015018602 and 2014042302 in favour of Foshan Nanhai Leading Real Estate, the Group is entitled to sell portions of Foshan Haina Haoyuan (representing a total gross floor area of approximately 67,251 sq.m. (including the property)) to purchasers.

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5. Pursuant to 7 Construction Work Completion and Inspection Certificates—Nos. 00-00-14-0169 and 00-00-14-0254 to 00-00-14-0259 in favour of Foshan Nanhai Leading Real Estate, the construction of Foshan Haina Haoyuan with a total gross floor area of approximately 86,050.32 sq.m. (including the property) has been completed and passed the inspection acceptance.
6. As advised by the Group, 3 car parking spaces with a total gross floor area of approximately 96.67 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB200,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
7. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB70,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the aforesaid unsold car parking spaces were constructed on the land of which Foshan Nanhai Leading Real Estate has legally obtained the land use rights; Foshan Nanhai Leading Real Estate has obtained all requisite construction work approvals and has been completed and passed the inspection acceptance. Foshan Nanhai Leading Real Estate has the rights to legally occupy, use and lease the aforesaid unsold car parking spaces.
9. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Certificate	Yes
b. Construction Work Planning Permit	Yes
c. Construction Work Commencement Permit	Yes
d. Pre-sale Permit	Portion
e. Construction Work Completion and Inspection Certificate/Table/Report	Yes
f. Building Ownership Certificate	No
10. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
61.	Unsold units of Mianyang Tianyu No. 2 Hongqiao Road Chengnan New District Mianyang City Sichuan Province The PRC (綿陽天嶼)	Mianyang Tianyu is located at No. 2 Hongqiao Road, Chengnan New District. It is well-served by public transportation. The locality is a residential area. Mianyang Tianyu occupies a parcel of land with a site area of approximately 26,140.38 sq.m., which is a residential and commercial development completed in 2020. The property comprises the unsold units of Mianyang Tianyu with a gross floor area of approximately 14,989.90 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 22 October 2087 for residential use and 22 October 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	No commercial value (Refer to note 13)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract and a Supplementary Agreement—No. 510600–2018–0030 dated 27 August 2018, the land use rights of a parcel of land on which the property is located with a site area of approximately 26,140.38 sq.m. were contracted to be granted to Mianyang Sanhe Industrial Co., Ltd. (綿陽市三和實業有限公司, “Mianyang Sanhe”, a 65.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB56,221,800.
- Pursuant to a Construction Land Planning Permit—Di Zi Di (2017) No. 97, permission towards the planning of the aforesaid land parcel with a site area of approximately 26,145.24 sq.m. has been granted to Mianyang Sanhe.
- Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Mian Yang Shi Bu Dong Chan Quan Di No. 0029586, the land use rights of the aforesaid land parcel with a site area of approximately 26,140.38 sq.m. (including the property) have been granted to Mianyang Sanhe for terms expiring on 22 October 2087 for residential use and 22 October 2057 for commercial use.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di (2018) No. 109 in favour of Mianyang Sanhe, Mianyang Tianyu with a gross floor area of approximately 101,253.69 sq.m. (including the property) has been approved for construction.

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5. Pursuant to a Construction Work Commencement Permit—Jian Shi Di No. 20180036 in favour of Mianyang Sanhe, permission by the relevant local authority was given to commence the construction of Mianyang Tianyu with a gross floor area of approximately 101,253.69 sq.m. (including the property).
6. Pursuant to 5 Pre-sale Permits—(2018) Fang Yu Shou Zheng Di Nos. 058, 121, 140 and 164, and (2019) Fang Yu Shou Zheng Di No. 041 in favour of Mianyang Sanhe, the Group is entitled to sell portions of Mianyang Tianyu (representing a total gross floor area of approximately 90,252.43 sq.m. (including the property) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate—No. (2020) 0011 in favour of Mianyang Sanhe, the construction of Mianyang Tianyu with a gross floor area of approximately 101,218.19 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	1,056.69	
	Retail	1,449.63	
	Car parking spaces	<u>12,483.58</u>	<u>464</u>
Total:		<u>14,989.90</u>	<u>464</u>

9. As advised by the Group, various residential and retail units, and car parking spaces with a total gross floor area of approximately 6,824.04, sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB27,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB9,000 per sq.m. for residential units, RMB15,000 to RMB18,000 per sq.m. for retail units on the first floor and RMB60,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Notice For Assistance In Enforcement dated 16 December 2019, the land use rights and portions of buildings of Mianyang Tianyu are subject to a sequestration. The sequestration term is from 26 December 2019 to 25 December 2022.

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12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Mianyang Sanhe is legally and validly in possession of the land use rights of the property;
 - b. Mianyang Sanhe has obtained all requisite construction work approvals in respect of the actual development progress of the property;
 - c. Mianyang Sanhe has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits; and
 - d. as the land parcel and portions of buildings of the property are subject to a sequestration, despite Mianyang Sanhe has the rights to occupy and use the property, but the transfer and mortgage of the property would be restricted until the sequestration has been released.
13. We have relied on the above legal opinion and attributed no commercial value to the property as it was subject to a sequestration. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB66,000,000, assuming that the property can be freely transferred.
14. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
15. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
62.	Unsold units of Mianyang Lantai House No. 94 Sanxing Road Youxian District Mianyang City Sichuan Province The PRC (綿陽蘭台府)	Mianyang Lantai House is located at No. 94 Sanxing Road, Youxian District. It is well-served by public transportation. The locality of the project is a residential area. Mianyang Lantai House occupies a parcel of land with a site area of approximately 56,060.16 sq.m., which had been developed into a residential and commercial development completed in August 2020. The property comprises the unsold units of Mianyang Lantai House with a total gross floor area of approximately 125,157.39 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for a term expiring on 15 April 2088 for residential and commercial uses.	As at the valuation date, the property was vacant for sale.	1,139,000,000 (62.1% interest attributable to the Group: RMB707,319,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 510600–2018–0008, the land use rights of a parcel of land on which the property is located with a site area of approximately 56,060.16 sq.m. were contracted to be granted to Mianyang Jiaruicheng Real Estate Development Co., Ltd. (綿陽嘉瑞誠房地產開發有限公司, “**Mianyang Jiaruicheng**”, a 62.1%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB423,634,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di (2018) No. 170, permission towards the planning of the aforesaid land parcel with a site area of approximately 56,060.16 sq.m. has been granted to Mianyang Jiaruicheng.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2018) Mian Yang Shi Bu Dong Chan Quan Di No. 0026476, the land use rights of the aforesaid land parcel with a site area of approximately 56,060.16 sq.m. have been granted to Mianyang Jiayuicheng for a term expiring on 15 April 2088 for residential and commercial uses.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di (2018) No. 122, in favour of Mianyang Jiayuicheng, Mianyang Lantai House with a gross floor area of approximately 147,163.93 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Jian Shi Di Nos. 2018–0047 and 2018–0087 in favour of Mianyang Jiayuicheng, permission by the relevant local authority was given to commence the construction of Mianyang Lantai House with a total gross floor area of approximately 147,163.93 sq.m.
6. Pursuant to 6 Pre-sale Permits—(2018) Fang Yu Shou Zheng Di Nos. 085, 132 and 169, and (2019) Fang Yu Shou Zheng Di No. 039, 066 and 168 in favour of Mianyang Jiayuicheng, the Group is entitled to sell portions of Mianyang Lantai House (representing a total gross floor area of approximately 125,157.39 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate—No. (2020) 022 in favour of Mianyang Jiayuicheng, the construction of Mianyang Lantai House with a gross floor area of approximately 147,075.51 sq.m. (including the property) has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area</u> (sq.m.)	<u>No. of Car Parking Space</u>
Group II—held for sale by the Group	Residential	109,528.14	
	Retail	2,242.08	
	Car parking spaces	<u>13,387.17</u>	<u>469</u>
	Total:	<u>125,157.39</u>	<u>469</u>

9. As advised by the Group, various residential and retail units and car parking spaces with a total gross floor area of approximately 117,275.76 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,100,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 to RMB12,000 for residential units, RMB12,000 to 16,000 for retail units on the first floor, RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Mianyang Jiaruicheng is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Mianyang Jiaruicheng has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Mianyang Jiaruicheng has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Mianyang Jiaruicheng has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	Yes
h. Real Estate Title Certificate (Building)	No
14. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
63.	Nanchong Lantai House No. 118 Maoyuannan Road Shunqing District Nanchong City Sichuan Province The PRC (南充蘭台府)	Nanchong Lantai House is located at No. 118 Maoyuannan Road, Shunqing District. It is well-served by public transportation. The locality of the project is a residential area. The property occupies a parcel of land with a site area of approximately 59,774.00 sq.m, which is being developed into a residential development. The property is scheduled to be completed in May 2022, upon completion, the property will have a planned gross floor area of approximately 247,245.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,547,000,000, of which approximately RMB1,025,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 10 December 2089 for residential use.	As at the valuation date, the property was under construction.	1,089,000,000 (82.0% interest attributable to the Group: RMB892,980,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511300–2019–035 dated 21 August 2019 and a Supplementary Contract dated 3 September 2019, the land use rights of a parcel of land with a site area of approximately 59,774.00 sq.m. were contracted to be granted to Nanchong Lingyue Real Estate Development Co., Ltd. (南充領悅房地產開發有限公司, “Nanchong Lingyue”, a 82.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB838,330,350.
- Pursuant to a Construction Land Planning Permit—Di Zi Di Nan Zi Gui Di (2019) Shun Zi No. 023, permission towards the planning of the aforesaid land parcel with a site area of approximately 59,774.00 sq.m. has been granted to Nanchong Lingyue.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Nan Chong Shi Bu Dong Chan Quan Di No. 0100221, the land use rights of the aforesaid land parcel with a site area of approximately 59,774.00 sq.m. have been granted to Nanchong Lingyue for a term expiring on 10 December 2089 for residential use.
4. Pursuant to a Construction Work Planning Permits—Jian Zi Di Nan Gui Gong (2019) Shun Zi No. 039, in favour of Nanchong Lingyue, Nanchong Laitai House with a gross floor area of approximately 247,245.00 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—No. 511300201912310101 and 511300202003270301 in favour of Nanchong Lingyue, permission by the relevant local authority was given to commence the construction of portions of Nanchong Laitai House with a total gross floor area of approximately 247,245.00 sq.m.
6. Pursuant to 11 Pre-sale Permits—(Nan Shun) Fang Yu Shou Di Nos. 202001399, 202001413, 202001421, 202001434, 202001435, 202001454, 202001466, 202001467, 202001483, 202001486 and 202001506 in favour Nanchong Lingyue, the Group is entitled to sell portions of Nanchong Laitai House (representing a total gross floor area of approximately 108,588.37 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	184,621.33	
	Car parking space	48,779.41	1,524
	Ancillary	2,069.96	
	Others	11,774.30	
Total:		247,245.00	1,524

8. As advised by the Group, various residential units with a total planned gross floor area of approximately 60,191.61 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB552,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,914,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB10,000 per sq.m. for high-rise residential units, RMB20,000 to RMB22,000 per sq.m. for high-end low-rise residential units and RMB110,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. In the valuation of the property, we have made the following assumptions:
 - a. Nanchong Lingyue is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Nanchong Lingyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Nanchong Lingyue has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
64.	Nanchong Tianyu No. 561 Jinyuling Road Shunqing District Nanchong City Sichuan Province The PRC (南充天嶼)	Nanchong Tianyu is located at No. 561 Jinyuling Road, Shunqing District. It is well-served by public transportation. The locality is a residential area. The property occupies a parcel of land with a site area of approximately 25,053.00 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in June 2021, upon completion, the project will have a total planned gross floor area of approximately 82,659.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB529,000,000, of which approximately RMB477,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 2 April 2089 for residential use and 2 April 2059 for commercial use.	As at the valuation date, the property was under construction.	558,000,000 (100.0% interest attributable to the Group: RMB558,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511300–2018–046 dated 8 January 2019, the land use rights of a parcel of land with a site area of approximately 25,053.00 sq.m. were contracted to be granted to Mianyang Huaruida Real Estate Development Co., Ltd. (綿陽華瑞達房地產開發有限公司, “**Mianyang Huaruida**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was 291,992,715.
- Pursuant to a State-owned Land Use Rights Grant Contract (Supplementary Contract)—No. 511300–2018–046 dated 17 January 2019, the land use rights of the aforesaid land with a site area of approximately 25,053.00 sq.m. were contracted to be granted to Nanchong Lingchuang Real Estate Development Co., Ltd. (南充領創房地產開發有限公司, “**Nanchong Lingchuang**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use.

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3. Pursuant to a Construction Land Planning Permit—Di Zi Di Nan Gui Di (2019) Shun Zi No. 004, permission towards the planning of the aforesaid land parcel with a site area of approximately 25,053.00 sq.m. has been granted to Nanchong Lingchuang.
4. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Nan Chong Shi Bu Dong Chan Quan Di No. 0027511, the land use rights of the aforesaid land parcel with a site area of approximately 25,053.00 sq.m. have been granted to Nanchong Lingchuang for terms expiring on 2 April 2089 for residential use and 2 April 2059 for commercial use.
5. Pursuant to a Construction Work Planning Permit—Jian Zi Di Nan Gui Gong (2019) Shun Zi No. 012 in favour of Nanchong Lingchuang, Nanchong Tianyu with a gross floor area of approximately 82,659.00 sq.m. has been approved for construction.
6. Pursuant to a Construction Work Commencement Permit—No. 511300201904250101 in favour of Nanchong Lingchuang, permission by the relevant local authority was given to commence the construction of Nanchong Tianyu with a gross floor area of approximately 82,659.00 sq.m.
7. Pursuant to 7 Pre-sale Permits—(Nanshun) Fang Yu Shou Di Nos. 201901241 to 201901244 and 201901289, 201901290 and 202001487 in favour of Nanchong Lingchuang, the Group is entitled to sell portions of Nanchong Tianyu (representing a total gross floor area of approximately 63,012.34 sq.m. to purchasers.
8. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Residential	58,454.84	
	Retail	4,557.50	
	Car parking spaces	11,277.37	414
	Ancillary	2,380.73	
	Others	<u>5,988.56</u>	
	Total:	<u>82,659.00</u>	<u>414</u>

9. As advised by the Group, various residential and retail units with a total gross floor area of approximately 59,177.56 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB535,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB647,000,000.

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11. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB10,000 per sq.m. for residential units and RMB26,000 to RMB30,000 per sq.m. for retail units on the first floor, and RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchong Lingchuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 4;
 - b. Nanchong Lingchuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Nanchong Lingchuang has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
65.	Ya'an Yunjing located at Daxing Town Yucheng District Ya'an City Sichuan Province The PRC (雅安雲璟)	Ya'an Yunjing is located at Daxing Town. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 30,183.56 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in December 2020, upon completion, the project will have a total planned gross floor area of approximately 96,782.85 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB518,000,000, of which approximately RMB471,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 17 May 2088 for residential use and 17 May 2058 for commercial use.	As at the valuation date, the property was under construction.	567,000,000 (100.0% interest attributable to the Group: RMB567,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511800–2018-B-003 dated 17 April 2018, the land use rights of a parcel of land with a site area of approximately 30,183.56 sq.m. were contracted to be granted to Ya'an Fanya Real Estate Development Co., Ltd. (雅安泛亞房地產開發有限公司, “**Ya'an Fanya**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB241,795,200.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2018–014, permission towards the planning of the aforesaid land parcel with a site area of approximately 30,183.56 sq.m. has been granted to Ya'an Fanya.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan 2018 Ya An Shi Bu Dong Chan Quan Di No.0006919, the land use rights of the aforesaid land parcel with a site area of approximately 30,183.56 sq.m. have been granted to Ya'an Fanya for terms expiring on 17 May 2088 for residential use and 17 May 2085 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2018-052 in favour of Ya'an Fanya, Ya'an Yunjing with a gross floor area of approximately 96,782.85 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201807250101, in favour of Ya'an Fanya, permission by the relevant local authority was given to commence the construction of Ya'an Yunjing with a gross floor area of approximately 96,782.85 sq.m.
6. Pursuant to 7 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 18-045, 18-047, 18-058, 18-065, 18-066, 19-019 and 19-032 in favour of Ya'an Fanya, the Group is entitled to sell portions of Ya'an Yunjing (representing a total gross floor area of approximately 93,425.62 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	69,217.78	
	Retail	2,720.91	
	Car parking space	21,486.93	695
	Ancillary	<u>3,357.23</u>	
	Total:	<u>96,782.85</u>	<u>695</u>

8. As advised by the Group, various residential and retail units and car parking space units with a total gross floor area of approximately 74,424.66 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB556,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB613,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for residential units, RMB12,000 to RMB16,000 per sq.m. for retail units on the first floor and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Ya’an Fanya is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Ya’an Fanya has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Ya’an Fanya has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
66.	Ya'an Guanjiang House located at Qianjin Village Daxing Town Yucheng District Ya'an City Sichuan Province The PRC (雅安觀江府)	Ya'an Guanjiang House is located at Qianjin Village, Daxing Town. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 39,149.24 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in January 2021, upon completion, the project will have a planned gross floor area of approximately 114,987.03 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB570,000,000, of which approximately RMB496,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 11 November 2088 for residential use and 11 November 2058 for commercial use.	As at the valuation date, the property was under construction.	600,000,000 (100.0% interest attributable to the Group: RMB600,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511800–2018-B-009 dated 9 October 2018, the land use rights of a parcel of land with a site area of approximately 39,149.24 sq.m. were contracted to be granted to Ya'an Weichuang Real Estate Development Co., Ltd. (雅安唯創房地產開發有限公司, “**Ya'an Weichuang**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB274,222,400.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2018–040, permission towards the planning of the aforesaid land parcel with a site area of approximately 39,149.24 sq.m. has been granted to Ya'an Weichuang.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan 2018 Ya An Shi Bu Dong Chan Quan Di No.0012342, the land use rights of the aforesaid land parcel with a site area of approximately 39,149.24 sq.m. have been granted to Ya'an Weichuang for terms expiring on 11 November 2088 for residential use and 11 November 2058 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2018-076 in favour of Ya'an Weichuang, Ya'an Guanjiang House with a gross floor area of approximately 114,987.03 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201811190101 in favour of Ya'an Weichuang, permission by the relevant local authority was given to commence the construction of Ya'an Guanjiang House, with a gross floor area of approximately 114,987.03 sq.m.
6. Pursuant to 12 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 18-69, 19-002, 19-006, 19-016, 18-021, 19-029, 19-031, 19-034, 19-037, 19-043, 10-050 and 10-070 in favour of Ya'an Weichuang, the Group is entitled to sell portions of Ya'an Guanjiang House (representing a total gross floor area of approximately 109,274.66 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	81,687.07	
	Retail	2,799.05	
	Car parking spaces	24,609.71	864
	Ancillary	5,891.20	
Total:		114,987.03	864

8. As advised by the Group, various residential and retail units and car parking space with a total gross floor area of approximately 84,160.97 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB610,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB679,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for residential units, RMB18,000 to RMB22,000 per sq.m. for retail units on the first floor and RMB60,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Ya’an Weichuang is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Ya’an Weichuang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Ya’an Weichuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Yes
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date RMB
67.	Unsold units of Ya'an Tianyu located at Yazhou Avenue Yucheng District Ya'an City Sichuan Province The PRC (雅安天嶼)	Ya'an Tianyu is located at Yazhou Avenue. The locality is a residential area with various residential developments with retail units, schools and parks. The project occupies a parcel of land with a site area of approximately 18,253.33 sq.m., which is a residential and commercial development completed in 2019. The property comprises the unsold units of Ya'an Tianyu with a total gross floor area of approximately 14,962.90 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for a term expiring on 24 June 2087 for residential use.	As at the valuation date, the property was vacant for sale.	67,000,000 (95.0% interest attributable to the Group: RMB63,650,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511800–2007-B-003 dated 11 May 2017, the land use rights of a parcel of land with a site area of approximately 18,253.33 sq.m. were contracted to be granted to Ya'an Yuandi Real Estate Development Co., Ltd. (雅安源地房地產開發有限公司, “**Ya'an Yuandi**”, a 95.0%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB188,000,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2017–017, permission towards the planning of the aforesaid land parcel with a site area of approximately 18,253.33 sq.m. has been granted to Ya'an Yuandi.
- Pursuant to a Real Estate Title Certificate (Land)—Chuan 2017 Ya An Shi Bu Dong Chan Quan Di No.0005296, the land use rights of the aforesaid land parcel on which the property is located with a site area of approximately 18,253.33 sq.m. have been granted to Ya'an Yuandi for a term expiring on 24 June 2087 for residential use.

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4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2017-036 in favour of Ya'an Yuandi, Ya'an Tianyu with a gross floor area of approximately 70,511.19 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201710100101 in favour of Ya'an Yuandi, permission by the relevant local authority was given to commence the construction of Ya'an Tianyu with a gross floor area of approximately 70,511.19 sq.m.
6. Pursuant to 5 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 17-036, 17-040, 18-009, 18-036 and 19-003 in favour of Ya'an Yuandi, the Group is entitled to sell portions of Ya'an Tianyu (representing a total gross floor area of approximately 64,322.69 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Report—Bei 2019 No. 42 in favour of Ya'an Yuandi, the construction of Ya'an Tianyu with a gross floor area of approximately 70,501.55 sq.m. has been completed and passed the inspection acceptance
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group II—held for sale by the Group	Residential	138.57	
	Retail	4,863.65	
	Car Parking Spaces	9,960.68	386
	Total:	14,962.90	386

9. As advised by the Group, various residential and retail units with a total gross floor area of approximately 4,102.12 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB17,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB12,000 per sq.m. for residential units, RMB19,000 to RMB23,000 per sq.m. for retail units on the first floor and RMB90,000 to RMB110,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Ya'an Yuandi is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Ya'an Yuandi has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Ya'an Yuandi has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

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12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	Real Estate Title Certificate (Land)	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
h.	Real Estate Title Certificate (Building)	No

13. For the purpose of this report, the property is classified into the group as “Group II—held for sale by the Group in the PRC” according to the purpose for which it is held-.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
68.	Portions of Ya'an Lantai House No. 6 Ankang Road Yucheng District Ya'an City Sichuan Province The PRC (雅安蘭台府)	Ya'an Lantai House is located at No. 6 Ankang Road. It is well-served by public transportation. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The project occupies a parcel of land with a site area of approximately 43,790.31 sq.m., which will be developed into a residential and commercial development. Portion of the project was completed in 2020 (the “Completed Portion”). The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in January 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 23,356.43 sq.m. The property comprises the unsold units of the Completed Portion and CIP of the project with a total gross floor area of approximately 35,902.13 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB98,100,000, of which approximately RMB96,900,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 28 March 2087 for residential use and 28 March 2057 for commercial use.	As at the valuation date, the unsold units of the Completed Portion were vacant for sale and the CIP of the property was under construction.	164,000,000 (95.0% interest attributable to the Group: RMB155,800,000)

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Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—No. 511800–2017-B-001 dated 29 March 2017, the land use rights of a parcel of land with a site area of approximately 43,790.31 sq.m. were contracted to be granted to Ya’an Lingyue Real Estate Development Co., Ltd. (雅安領悅房地產開發有限公司, “**Ya’an Lingyue**”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB146,488,700.
2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2017–014, permission towards the planning of the aforesaid land parcel with a site area of approximately 43,790.31 sq.m. has been granted to Ya’an Lingyue.
3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2017) Ya An Shi Bu Dong Chan Quan Di No.0004921, the land use rights of the aforesaid land parcel with a site area of approximately 43,790.31 sq.m. have been granted to Ya’an Lingyue for terms expiring on 28 March 2087 for residential use and 28 March 2057 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2017–048 in favour of Ya’an Lingyue, Ya’an Lantai House with a gross floor area of approximately 114,042.05 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201801220101 in favour of Ya’an Lingyue, permission by the relevant local authority was given to commence the construction of Ya’an Lantai House with a gross floor area of approximately 114,042.05 sq.m.
6. Pursuant to 12 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 17–041, 17–043, 18–006, 18–010, 18–011, 18–016, 18–020, 18–022, 18–025, 18–029, 18–040 and 18–059 in favour of Ya’an Lingyue, the Group is entitled to sell portions of Ya’an Lantai House (representing a total gross floor area of approximately 87,154.69 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate—Bei (2020) No. 8 in favour of Ya’an Lingyue, the construction of portions of Ya’an Lantai House with a total gross floor area of approximately 90,273.33 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group II—held for sale by the Group (Completed Portion)	Residential	1,314.84	
	Car Parking Spaces	11,230.86	258
	Sub Total:	12,545.70	258

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<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Retail	19,380.25	
	Ancillary	3,976.18	
	Sub Total:	23,356.43	
	Total:	35,902.13	258

9. As advised by the Group, various residential units with a total gross floor area of approximately 423.08 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB5,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB135,000,000.

11. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000 to RMB8,500 per sq.m. for high-rise residential units, RMB11,000 to RMB12,000 per sq.m. for high-end low-rise residential units, RMB8,000 to RMB9,500 per sq.m. for retail units on the first floor and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:

- Ya’an Lingyue is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
- Ya’an Lingyue has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
- Ya’an Lingyue has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	Portion
h. Real Estate Title Certificate (Building)	No

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14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group II—held for sale by the Group	32,000,000	95.0%	30,400,000
Group IV—held under development by the Group	<u>132,000,000</u>	<u>95.0%</u>	<u>125,400,000</u>
Total:	<u>164,000,000</u>	<u>95.0%</u>	<u>155,800,000</u>

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
69.	Ya'an Lantai House Phase III located at Block 2-12 Daxing District Yucheng District Ya'an City Sichuan Province The PRC (雅安蘭台府3期)	Ya'an Lantai House Phase III is located at No. 2-12 Parcel Land, Daxing District. It is well-served by public transportation. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 53,520.37 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in March 2022, upon completion, the project will have a total gross floor area of approximately 180,585.11 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB907,000,000, of which approximately RMB614,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 26 August 2089 for residential use and 26 August 2059 for commercial use.	As at the valuation date, the property was under construction.	695,000,000 (100.0% interest attributable to the Group: RMB695,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511800-2019-B-012 dated 24 July 2019, the land use rights of a parcel of land with a site area of approximately 53,520.37 sq.m. were contracted to be granted to Ya'an Xinlingyu Real Estate Development Co., Ltd. (雅安新領域房地產開發有限公司, “Ya'an Xinlingyu”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB423,878,400.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2019-25, permission towards the planning of the aforesaid land parcel with a site area of approximately 53,520.37 sq.m. has been granted to Ya'an Xinlingyu.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Ya An Shi Bu Dong Chan Quan Di No. 0012331, the land use rights of the aforesaid land parcel with a site area of approximately 53,520.37 sq.m. have been granted to Ya'an Xinlingyu for terms expiring on 26 August 2089 for residential use and 26 August 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2019-034, in favour of Ya'an Xinlingyu, Ya'an Lantai House Phase III with a gross floor area of approximately 180,585.11 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201910210101 in favour of Ya'an Xinlingyu, permission by the relevant local authority was given to commence the construction of Ya'an Lantai House Phase III with a gross floor area of approximately 180,585.11, sq.m.
6. Pursuant to 10 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 19-067, 20-001, 20-003, 20-010, 20-012, 20-018, 20-019, 20-027, 20-028 and 20-032 in favour of Ya'an Xinlingyu, the Group is entitled to sell portions of Ya'an Lantai House Phase III (representing a total gross floor area of approximately 105,250.59 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	123,110.60	
	Retail	6,510.68	
	Ancillary	10,697.07	
	Car Parking Spaces	24,740.08	923
	Others	15,526.68	
Total:		180,585.11	923

8. As advised by the Group, various residential and retail units with a total gross floor area of approximately 51,658.16 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB406,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,085,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,000, to RMB7,500, per sq.m. for residential units, RMB16,000 to RMB20,000 per sq.m. for retail units on the first floor, and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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PROPERTY VALUATION REPORT

11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Ya’an Xinlingyu is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Ya’an Xinlingyu has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Ya’an Xinlingyu has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
70.	Mianyang Guanjiang House located at Putisi Village Ningxiangsi Community High-tech Zone Mianyang City Sichuan Province The PRC (綿陽觀江府)	Mianyang Guanjiang House is located at Putisi Village, Ningxiangsi Community, High-tech Zone. It is well-served by public transportation. The locality of the project is a residential area. The property occupies 15 parcels of land with a total site area of approximately 144,704.54 sq.m., which will be developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in April 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 39,974.93 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 367,927.53 sq.m. for composite residential and commercial uses and 13,301.85 sq.m. for industrial use was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 9. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB238,000,000, of which approximately RMB111,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 17 January 2089 for residential use, 17 January 2059 for commercial use and 27 September 2051 for industrial and other uses.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	1,218,000,000 (100.0% interest attributable to the Group: RMB1,218,000,000)

APPENDIX III

PROPERTY VALUATION REPORT

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract (Alteration Agreement) dated 18 January 2019 and a Supplementary Contract dated 30 April 2019—the land use rights of 2 parcels of land with a total site area of approximately 83,538.91 sq.m. were contracted to be granted to Mianyang Jintai Industrial Co., Ltd. (綿陽金泰實業有限公司, “**Mianyang Jintai**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use, 40 years for commercial use and 50 years for industrial and other uses commencing from the land delivery date. The land premium was RMB344,662,800.
2. Pursuant to a State-owned Land Use Rights Grant Contract (Alteration Agreement) dated 18 January 2019 and a Supplementary Contract dated 30 April 2019—the land use rights of 2 parcels of land with a total site area of approximately 61,165.63 sq.m. were contracted to be granted to Mianyang Yuhang Digital Technology Co., Ltd. (綿陽市宇航數碼科技有限公司, “**Mianyang Yuhang**”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use, 40 years for commercial use and 50 years for industrial and other uses commencing from the land delivery date. The land premium was RMB281,881,660.
3. Pursuant to a Construction Land Planning Permit—Di Zi Di (2019) No. 103, permission towards the planning of portion of the aforesaid land parcel with a site area of approximately 10,337.58 sq.m. has been granted to Mianyang Yuhang.
4. Pursuant to 6 Real Estate Title Certificates (Land)—Chuan (2019) Mian Yang Shi Bu Dong Chan Quan Di Nos. 609 to 611 and 618 to 620, the land use rights of 6 land parcels with a total site area of approximately 83,538.91 sq.m. have been granted to Mianyang Jintai for terms expiring on 17 January 2089 for residential use, 17 January 2059 for commercial use and 27 September 2051 for industrial and other uses.
5. Pursuant to 9 Real Estate Title Certificates (Land)—Chuan (2019) Mian Yang Shi Bu Dong Chan Quan Di Nos. 0040606 to 0040608 and 0040612 to 040617, the land use rights of 9 parcels with a total site area of approximately 61,165.630 sq.m. have been granted to Mianyang Yuhang for terms expiring on 17 January 2089 for residential use, 17 January 2059 for commercial use and 27 September 2051 for industrial and other uses.
6. Pursuant to a Construction Work Planning Permit—Jian Zi Di (2019) No. 138, in favour of Mianyang Yuhang, portions of Mianyang Guanjiang House with a gross floor area of approximately 39,974.93 sq.m. has been approved for construction.
7. Pursuant to a Construction Work Commencement Permit—Mian Gao Jian Shi Di (2019) No. 26, in favour of Mianyang Yuhang, permission by the relevant local authority was given to commence the construction of portion of Mianyang Guanjiang House with a gross floor area of approximately 39,974.93 sq.m.
8. Pursuant to 3 Pre-sale Permits—2019 Fang Yu Shou Zheng Di No. 211, 2020 Fang Yu Shou Zheng Di No. 014 and No. 028 in favour Mianyang Yuhang, the Group is entitled to sell portions of Mianyang Guanjiang House (representing a total gross floor area of approximately 36,271.17 sq.m.) to purchasers.

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PROPERTY VALUATION REPORT

9. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	27,840.04	
	Retail	856.23	
	Others	3,703.76	
	Car parking spaces	7,574.90	279
	Sub-total:	39,974.93	279
Group V—held for future development by the Group (Land Portion)	Residential	378,462.61	
	Retail	24,551.52	
	Car parking spaces	98,236.07	N/A
	Others	40,478.54	
	Sub-total:	541,728.74	N/A
Total:		581,703.67	279

10. As advised by the Group, various residential and retail units, and car parking spaces with a total gross floor area of approximately 28,475.74 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB233,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included them in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB269,000,000.
12. Our valuation has been made on the following basis and analysis:
- In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB8,000 to RMB10,000 per sq.m. for high-rise residential units, RMB11,000 to RMB13,000 per sq.m. for middle-rise residential units, RMB20,000 to RMB25,000 for retail units on the first floor and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
 - In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB2,800 to RMB3,600 per sq.m. for residential and commercial uses, and ranges from RMB270 to RMB340 per sq.m. for industrial use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
13. Pursuant to a Mortgage Contract, portions of the property are subject to a mortgage in favour of a third party.

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PROPERTY VALUATION REPORT

14. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Mianyang Jintai and Mianyang Yuhang are legally and validly in possession of the land use rights of the property. As portions of land use rights of the property are subject to mortgage, Mianyang Jintai and Mianyang Yuhang have the rights to occupy and use the land parcels, but the transfer of them would be restricted until the mortgage has been released;
 - Mianyang Yuhang has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - Mianyang Yuhang has the rights to legally pre-sell the portions of the property mentioned in note 8 according to the obtained Pre-sale Permits.
15. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | Portion |
| c. Real Estate Title Certificate (Land) | Yes |
| d. Construction Work Planning Permit | Portion |
| e. Construction Work Commencement Permit | Portion |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | N/A |
| h. Real Estate Title Certificate (Building) | N/A |
16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date RMB</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date RMB</u>
Group IV—held under development by the Group	123,000,000	100.0%	123,000,000
Group V—held for future development by the Group	<u>1,095,000,000</u>	<u>100.0%</u>	<u>1,095,000,000</u>
Total:	<u>1,218,000,000</u>	<u>100.0%</u>	<u>1,218,000,000</u>

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
71.	Mianyang Leading Dongyuan Yuecheng located at Zone C Dengta Community Qingyi Town Fucheng District Mianyang City Sichuan Province The PRC (綿陽領地東原閬城)	Mianyang Leading Dongyuan Yuecheng is located at Zone C, Dengta Community, Qingyi Town, Fucheng District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 116,754.53 sq.m., which will be developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in June 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 334,114.13 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 207,760.88 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,579,000,000, of which approximately RMB952,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 16 June 2089 for residential use and 16 June 2059 for commercial use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	1,628,000,000 (50.0% interest attributable to the Group: RMB814,000,000)

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PROPERTY VALUATION REPORT

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract and a Supplementary Agreement—No. 510600–2019–0012 dated 17 June 2019, the land use rights of a parcel of land with a site area of approximately 116,754.53 sq.m. were contracted to be granted to Mianyang Fantaiya Real Estate Development Co., Ltd. (綿陽泛太亞房地產開發有限公司, “**Mianyang Fantaiya**”, a 50.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB1,116,659,000.
2. Pursuant to a State-owned Land Use Rights Grant Contract (Supplementary Contract)—No. 510600–2019–0012 dated 17 June 2019, the land use rights of the aforesaid land with a site area of approximately 116,754.53 sq.m. were contracted to be granted to Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (綿陽鴻遠領悅房地產開發有限公司, “**Mianyang Hongyuan**”, a 50.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use.
3. Pursuant to a Construction Land Planning Permit—Di Zi Di (2019) No. 93, permission towards the planning of portion of the aforesaid land parcel with a site area of approximately 116,754.53 sq.m. has been granted to Mianyang Hongyuan.
4. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2019) Mian Yang Shi Bu Dong Chan Quan Di No. 0043571, the land use rights of the aforesaid land parcel with a site area of approximately 116,754.53 sq.m. have been granted to Mianyang Hongyuan for terms expiring on 16 June 2089 for residential use and 16 June 2059 for commercial use..
5. Pursuant to 3 Construction Work Planning Permits—Jian Zi Di (2019) Nos. 148, 149 and Jian Zi Di (2020) No. 58 in favour of Mianyang Hongyuan, portions of Mianyang Leading Dongyuan Yuecheng with a total gross floor area of approximately 345,506.15 sq.m. has been approved for construction.
6. Pursuant to 2 Construction Work Commencement Permits—Jian Shi Di (2019) Nos. 073 and 074 in favour of Mianyang Hongyuan, permission by the relevant local authority was given to commence the construction of portions of Mianyang Leading Dongyuan Yuecheng with a total gross floor area of approximately 334,114.13 sq.m.
7. Pursuant to 8 Pre-sale Permits—2019 Fang Yu Shou Zheng Di No. 208, 2020 Fang Yu Shou Zheng Di Nos. 011, 015, 038, 082, 109, 123 and 124 in favour Mianyang Hongyuan the Group is entitled to sell portions of Mianyang Leading Dongyuan Yuecheng (representing a total gross floor area of approximately 223,097.18 sq.m.) to purchasers.

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PROPERTY VALUATION REPORT

8. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	270,943.88	
	Retail	4,130.04	
	Ancillary	8,711.15	
	Car parking spaces	50,329.06	1,678
	Sub-total:	334,114.13	1,678
Group V—held for future development by the Group (Land Portion)	Residential	125,238.07	
	Retail	65,922.68	
	Car parking spaces	61,548.97	2,928
	Ancillary	5,913.06	
	Others	28,990.00	
	Sub-total:	287,612.78	2,928
	Total:	621,726.91	4,606

9. As advised by the Group, various residential and retail units with a total gross floor area of approximately 168,582.80 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,243,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,149,000,000.
11. Our valuation has been made on the following basis and analysis:
- In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB7,000 to RMB8,000 per sq.m. for residential units, RMB17,000 to RMB20,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
 - In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB2,500 to RMB2,800 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
12. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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PROPERTY VALUATION REPORT

13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- Mianyang Hongyuan is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 4. As land use rights are subject to a mortgage, Mianyang Hongyuan has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - Mianyang Hongyuan has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - Mianyang Hongyuan has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | Yes |
| c. Real Estate Title Certificate (Land) | Yes |
| d. Construction Work Planning Permit | Portion |
| e. Construction Work Commencement Permit | Portion |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | N/A |
| h. Real Estate Title Certificate (Building) | N/A |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date</u> RMB	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date</u> RMB
Group IV—held under development by the Group	1,113,000,000	50.0%	556,500,000
Group V—held for future development by the Group	<u>515,000,000</u>	<u>50.0%</u>	<u>257,500,000</u>
Total:	<u>1,628,000,000</u>	<u>50.0%</u>	<u>814,000,000</u>

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
72.	Ya'an Yuejiangting located at Daxing District Yucheng District Ya'an City Sichuan Province The PRC (雅安悦江庭)	Ya'an Yuejiangting is located at Daxing Town, Yucheng District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 16,674.24 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in September 2021, upon completion, the project will have a total planned gross floor area of approximately 76,423.63 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB340,000,000, of which approximately RMB211,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 18 August 2089 for residential use and 18 August 2059 for commercial use.	As at the valuation date, the property was under construction.	225,000,000 (51.0% interest attributable to the Group: RMB114,750,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—511800–2019-B-011 dated 16 July 2019, the land use rights of a parcel of land with a site area of approximately 16,674.24 sq.m. were contracted to be granted to Ya'an Jinhong Real Estate Development Co., Ltd. (雅安金宏房地產開發有限公司, “Ya'an Jinhong”, a 51.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB128,051,200.

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2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2019–023, permission towards the planning of the aforesaid land parcel with a site area of approximately 16,674.24 sq.m. has been granted to Ya’an Jinhong.
3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Ya An Shi Bu Dong Chan Quan Zheng Di No. 0000509, the land use rights of the aforesaid land parcel with a site area of approximately 16,674.24 sq.m. have been granted to Ya’an Jinhong for terms expiring on 18 August 2089 for residential use and 18 August 2059 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 2019–038 in favour of Ya’an Jinhong, Ya’an Yuejiangting with a gross floor area of approximately 76,423.63 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 511800201912030101 in favour of Ya’an Jinhong, permission by the relevant local authority was given to commence the construction of Ya’an Yuejiangting with a gross floor area of approximately 76,423.63 sq.m.
6. Pursuant to 3 Pre-sale Permits—(Ya) Fang Yu Shou Zheng Di Nos. 20–011, 20–022 and 20–033 in favour of Ya’an Jinhong, the Group is entitled to sell portions of Ya’an Yuejiangting (representing a total gross floor area of approximately 65,353.80 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group	Residential	55,121.96	
	Retail	2,148.33	
	Ancillary	5,143.62	
	Car Parking Spaces	9,766.78	351
	Others	<u>4,242.94</u>	
	Total:	<u>76,423.63</u>	<u>351</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 6,436.13 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB41,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB404,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB6,500 per sq.m. for residential units, RMB14,000 to RMB16,000 per sq.m. for retail units on the first floor and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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PROPERTY VALUATION REPORT

11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Ya’an Jinhong is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Ya’an Jinhong has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Ya’an Jinhong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
73.	Xichang Tianyu No. A-18 land plot Ecological Garden Area East of Qionghai Lake Xichang City Sichuan Province The PRC (西昌天嶼)	Xichang Tianyu is located at No. A-18 land plot, Ecological Garden Area, east of Qionghai Lake. It is well-served by public transportation. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 26,934.81 sq.m., which is being developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in August 2022, upon completion, the property will have a planned gross floor area of approximately 112,331.28 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB588,000,000, of which approximately RMB242,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 22 April 2090 for residential use.	As at the valuation date, the property was under construction.	286,000,000 (100.0% interest attributable to the Group: 286,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract - 2019-A-28 dated 7 January 2020, the land use rights of a parcel of land with a site area of approximately 26,934.81 sq.m. were contracted to be granted to Xichang Fantai Real Estate Development Co., Ltd. (西昌泛太房地產開發有限公司, “Xichang Fantai”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use from the land delivery date. The total land premium was RMB183,500,000.
- Pursuant to a Construction Land Planning Permit—Xi Zi Ran Zi Di Zi Di No. 513401202000006, permission towards the planning of the aforesaid land parcel with a site area of approximately 26,934.81 sq.m. has been granted to Xichang Fantai.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Xi Chang Shi Bu Dong Chan Quan Di No. 0002565, the land use rights of the aforesaid land parcel with a site area of approximately 26,934.81 sq.m. have been granted to Xichang Fantai for a term expiring on 22 April 2090 for residential use.
4. Pursuant to a Construction Work Planning Permit—Xi Zi Ran Zi Jian Zi Di No. 513401202000011 in favour of Xichang Fantai, Xichang Tianyu with a gross floor area of approximately 112,331.28 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 513401202005280101 and 513401202008280101 in favour of Xichang Fantai, permission by the relevant local authority was given to commence the construction of Xichang Tianyu with a gross floor area of approximately 112,331.28 sq.m..
6. Pursuant to 6 Pre-sale Permits—Xi Shi (2020) Fang Yu Shou Zheng Di Nos. 063 to 066, 099 and 100 in favour of Xichang Fantai, the Group is entitled to sell portions of the property (representing a total gross floor area of approximately 57,222.26 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of car parking space</u>
Group IV—held under development by the Group (CIP)	Residential	76,557.33	
	Retail	4,040.00	
	Ancillary	5,155.98	
	Car Parking Spaces	22,689.37	695
	Others	3,888.60	
	Total:	112,331.28	695

8. As advised by the Group, various residential and retail units with a total gross floor area of approximately 36,882.15 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB324,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB813,000,000.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,500 to RMB10,500 per sq.m. for residential units, RMB22,000 to RMB26,000 per sq.m. for retail units on the first floor and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid;
 - b. Xichang Fantai is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3. As land use rights are subject to mortgage, Xichang Fantai has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released;
 - c. Xichang Fantai has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - d. Xichang Fantai has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
74.	Kaili Leading Tianyu No. 10 Fengqingxi Road Qiandongnan Miao and Dong Autonomous Prefecture Kaili City Guizhou Province The PRC (凱里領地天御)	The property is located at the southern side of Qingshuijiang River and the northern side of Fengqingxi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 5 parcels of land with a total site area of approximately 251,148.20 sq.m., which is being developed into a residential and commercial development with a total planned gross floor area of approximately 942,161.39 sq.m. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in December 2022, upon completion, the CIP will have a planned gross floor area of approximately 209,729.62 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 567,668.38 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB841,000,000, of which approximately RMB374,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 28 October 2052 and 10 March 2053 for commercial use, and 28 October 2082 and 10 March 2083 for residential use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	730,000,000 (100.0% interest attributable to the Group: RMB730,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Auction Confirmation dated 26 December 2018, the land use rights of 5 parcels of land with a total site area of approximately 251,148.20 sq.m. were contracted to be granted to Luzhou Kailong Real Estate Co., Ltd. (瀘州凱龍置業有限公司, “Luzhou Kailong”), renamed as Kaili Kailong Real Estate Co., Ltd. (凱里凱龍置業有限公司, “Kaili Kailong”, a wholly-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from 10 March 2013 and 28 October 2012 respectively. The total land premium was RMB460,667,100.

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2. Pursuant to a Construction Land Planning Permit - Di Zi Di No. 520000201803134, permission towards the planning of the aforesaid land parcel with a site area of approximately 251,148.20 sq.m. has been granted to Kaili Kailong.
3. Pursuant to 5 Real Estate Title Certificates (Land) - Qian (2019) Kai Li Shi Bu Dong Chan Quan Di Nos. 0008120 to 0008124, the land use rights of the aforesaid land parcels with a total site area of approximately 251,148.20 sq.m. have been granted to Kaili Kailong for terms expiring on 28 October 2052 and 10 March 2053 for commercial use, and 28 October 2082 and 10 March 2083 for residential use.
4. Pursuant to 3 Construction Work Planning Permits—Jian Zi Di Nos. 522601202000001, 522601202000005 and 522601202000047 in favour of Kaili Kailong, portion of Kaili Leading Tianyu with a total gross floor area of approximately 234,703.37 sq.m. has been approved for construction.
5. Pursuant to 6 Construction Work Commencement Permits—Nos. 52260112003160001-sx-001, 52260112005190001-sx-001, 5226012005200001-sx-001, 5226012008100002-sx-001, 5226012008100001-sx-001 and 5226012009170001-sx-001 in favour of Kaili Kailong, permission by the relevant local authority was given to commence the construction of the CIP of the property with a total gross floor area of approximately 209,729.62 sq.m.
6. Pursuant to 4 Pre-sale Permits—(Kai Fang) Shang Fang Yu Zi Di Nos. 200618, 200626, 200635 and 200640 in favour of Kaili Kailong, the Group is entitled to sell portions of the CIP of the property (representing a total gross floor area of approximately 87,273.79 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	176,819.00	
	Retail	3,592.02	
	Ancillary	3,924.54	
	Car parking spaces	25,394.06	726
	Sub-total:	209,729.62	726
Group V—held for future development by the Group (Land Portion)	Residential	537,547.12	
	Retail	26,247.95	
	Ancillary	15,951.52	
	Car parking spaces	143,429.23	5,010
	Others	9,255.95	
	Sub-total:	732,431.77	5,010
	Total:	942,161.39	5,736

8. As advised by the Group, various residential units with a total gross floor area of approximately 60,036.38 sq.m. of the CIP of the property have been pre-sold to various third parties at a total consideration of RMB320,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,071,000,000.

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10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,000 to RMB5,600 per sq.m. for residential units, RMB16,000 to RMB17,500 per sq.m. for retail units on the first floor and RMB80,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
11. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Kaili Kaikong is legally and validly in possession of the land use rights of the property. As land use rights are subject to mortgage, Kaili Kailong has the rights to occupy and use the land parcels, but the transfer of the property would be restricted until the mortgage has been released;
 - b. Kaili Kailong has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Kaili Kaikong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Auction Confirmation	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Market value in existing state as at the valuation date (RMB)</u>	<u>Interest attributable to the Group</u>	<u>Market value attributable to the Group as at the valuation date (RMB)</u>
Group IV—held under development by the Group	387,000,000	100.0%	387,000,000
Group V—held for future development by the Group	343,000,000	100.0%	343,000,000
Total:	<u>730,000,000</u>	<u>100.0%</u>	<u>730,000,000</u>

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
75.	Portions of Chengdu Xindu Yue House No. 521 Gongye Avenue East Section Xindu District Chengdu City Sichuan Province The PRC (成都新都悦府)	Chengdu Xindu Yue House is located at No. 521 Gongye Avenue East Section, Xindu District. The locality is a mature residential area where public facilities such as municipal facilities and amenities are well developed. Chengdu Xindu Yue House occupies 3 parcels of land with a total site area of approximately 310,866.09 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2011 (the “Completed Portion”). Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in October 2022, upon completion, the CIP will have a planned gross floor area of approximately 416,618.96 sq.m. The construction of the remaining portion of the project (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 137,107.02 sq.m. was not commenced as at the valuation date. The property comprises the unsold retail units of the Completed Portion, the CIP and the Land Portion of the project with a total planned gross floor area of approximately 587,732.79 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB2,716,000,000, of which approximately RMB765,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring 9 October 2073 for residential use and 9 October 2043 for commercial use.	As at the valuation date, the unsold units of the Completed Portion of the property were vacant for sale/rent, the CIP was under construction and the Land Portion of the property was bare land for future development.	1,732,000,000 (100% interest attributable to the Group: RMB1,732,000,000)

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Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates—Xin Du Guo Yong (2009) Di No. 10811, (2014) Di No. 1417 and (2000) Di No. 10010, the land use rights of 3 parcels of land with a total site area of approximately 310,866.09 sq.m. have been granted to Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發有限公司, “**Chengdu Gangji**”, a wholly-owned subsidiary of the Company) for a term expiring on 9 October 2073 for residential use.
2. Pursuant to 9 Construction Work Planning Permits—Jian Zi Di Nos. 510114201930386, 510114201930522, 510114201930523, 510114200830050, 510114201050051, 510114201030055, and 510114201030065 and Nos. (07)97 and (06) Di 63–1 in favour of Chengdu Gangji, Chengdu Xindu Yue House with a total gross floor area of approximately 833,105.51 sq.m. has been approved for construction.
3. Pursuant to 10 Construction Work Commencement Permits—Nos. 510114201908290501, 510114202005290401, 510125200605300301, 510125200807040201, 510125200807040401, 510125200605300301, 510125200906260101, 510125200807070101, 510125201006070301 and 510114202009180201 in favour of Chengdu Gangji, permissions by the relevant local authority were given to commence the construction of portions of Chengdu Xindu Yue House with a total gross floor area of approximately 668,508.83 sq.m.
4. Pursuant to 6 Pre-sale Permits—Cheng Fang Yu Shou Xin Du Zi Di Nos. 774, 715, 896, 938, 1111 and Rong Yu Shou Zi Di No. 51011420204006 in favour of Chengdu Gangji, the Group is entitled to sell portions of Chengdu Xindu Yue House (representing a total gross floor area of approximately 320,503.58 sq.m.) to purchasers.
5. Pursuant to 16 Construction Work Completion and Inspection Reports in favour of Chengdu Gangji, the construction of the Completed Portion of the property with a total gross floor area of approximately 247,261.09 sq.m. has been completed and passed the acceptance inspection.
6. Pursuant to a Building Ownership Certificate—Xin Fang Quan Zheng Jian Zheng Zi Di No. 0855127, the kindergarten of the property with a gross floor area of approximately 1,799.30 sq.m. is owned by Chengdu Gangji.
7. Pursuant to 20 Real Estate Title Certificates—Chuan (2017) Xin Du Qu Bu Dong Chan Quan Di No. 0032737 and Chuan (2019) Xin Du Qu Bu Dong Chan Quan Di Nos. 0017765, 0017766, 0017769 to 0017771, 0019814, 0019816, 0019820, 0019822, 0019823, 0019825, 0019827, 0025088 to 0025091, 0025094, 0025095 and 0025100, portions of the Completed Portion of the property with a total gross floor area of approximately 5,852.30 sq.m. are owned by Chengdu Gangji. The relevant land use rights have been granted to Chengdu Gangji for a term expiring on 9 October 2043 for commercial use.

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8. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area/ Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group II—held for sale (Completed Portion)	Retail Sub-total:	2,414.61 2,414.61	
Group III—held for investment by the Group (Completed Portion)	Ancillary Sub-total:	5,236.99 5,236.99	
Group IV—held under development by the Group (CIP)	Residential Retail Car Parking Spaces Ancillary Others Sub-total:	255,605.58 5,185.19 133,616.12 2,919.72 19,292.35 416,618.96	 5,318 5,318
Group V—held for future development by the Group (Land Portion)	Residential Car Parking Spaces Ancillary Others Sub-total:	110,879.42 8,971.85 8,661.75 34,949.21 163,462.23	 N/A N/A
	Total:	587,732.79	5,318

9. Pursuant to 2 Tenancy Agreements, portions of the property in Group III with a total gross floor area of approximately 5,236.99 sq.m. are leased to 2 tenants for commercial purpose with the expiry dates between 31 December 2024 and 30 June 2031. The total monthly rent receivable as at the valuation date is approximately RMB940,000, exclusive of management fees, water and electricity charges.
10. As advised by the Group, various residential units with a total gross floor area of approximately 82,837.92 sq.m. of the CIP of the property have been pre-sold to various third parties at a total consideration of RMB1,065,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,089,000,000.
12. Our valuation has been made on the following basis and analysis:
- For portion of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB20,000 to 24,000 for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property;
 - For portion of the property in Group III, we have considered the actual rents in the existing tenancy agreements and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;

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- c. Based on our research, the stabilized market yield of similar kindergarten and agricultural trade market properties is in the range of 4% to 6%. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for agricultural trade market and 5.0% for kindergarten in the valuation;
 - d. For the CIP of the property in Group IV, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB12,000 to RMB12,600 per sq.m. for high-rise residential units, RMB15,000 to RMB17,000 for high-end low-rise residential units, RMB21,000 to RMB23,000 per sq.m. for retail units on the first floor and RMB55,000 to RMB60,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
 - e. In undertaking our valuation of the property in Group V, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB5,000 to RMB5,800 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- a. Chengdu Gangji is legally and validly in possession of the land use rights of the property according to the relevant State-owned Land Use Rights Certificates mentioned in note 1;
 - b. Chengdu Gangji has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Chengdu Gangji has the rights to legally pre-sell the portions of the property mentioned in note 4 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Certificate | Yes |
| b. Construction Work Planning Permit | Yes |
| c. Construction Work Commencement Permit | Portion |
| d. Pre-sale Permit | Portion |
| e. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
| f. Building Ownership Certificate/Real Estate Title Certificate (Building) | Portion |

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PROPERTY VALUATION REPORT

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)	Interest attributable to the Group	Market value attributable to the Group as at the valuation date (RMB)
Group II—held for sale by the Group	54,000,000	100%	54,000,000
Group III—held for investment by the Group	34,000,000	100%	34,000,000
Group IV—held under development by the Group	981,000,000	100%	981,000,000
Group V—held for future development by the Group	663,000,000	100%	663,000,000
Total:	1,732,000,000	100%	1,732,000,000

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
76.	Luzhou Lantai House located at the eastern side of Changjiang Primary School Shawan Area Jiangyang District Luzhou City Sichuan Province The PRC (瀘州蘭台府)	Luzhou Lantai House is located at the eastern side of Changjiang Primary School, Shawan Area, Jiangyang District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 52,767.00 sq.m., which is being developed into a residential and commercial development. The property is scheduled to be completed in November 2022, upon completion, the property will have a planned gross floor area of approximately 180,442.53 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB812,000,000, of which approximately RMB375,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 14 April 2090 for residential use and 14 April 2060 for commercial use.	As at the valuation date, the property was under construction.	402,000,000 (53.60% interest attributable to the Group: RMB215,472,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 0400–2020–012 dated 15 April 2020, the land use rights of a parcel of land with a site area of approximately 52,767.00 sq.m. were contracted to be granted to Luzhou Fanya Real Estate Development Co., Ltd. (瀘州泛亞房地產開發有限公司, “**Luzhou Fanya**”, a 53.6%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB332,432,100.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510501202000054, permission towards the planning of the aforesaid land parcel with a site area of approximately 52,767.00 sq.m. has been granted to Luzhou Fanya.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Lu Zhou Shi Bu Dong Chan Quan Di No. 0046802, the land use rights of the aforesaid land parcel with a site area of approximately 52,767.00 sq.m. have been granted to Luzhou Fanya for terms expiring on 14 April 2090 for residential use and 14 April 2060 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510501202000078 in favour of Luzhou Fanya, Luzhou Lantai House with a gross floor area of approximately 180,442.53 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—No. 510502202007200101 in favour of Luzhou Fanya, permission by the relevant local authority was given to commence the construction of Luzhou Lantai House with a gross floor area of approximately 180,442.53 sq.m.
6. Pursuant to a Pre-sale Permit—(Lu Shi 2020) Fang Yu Shou Zheng Di No. 100 in favour of Luzhou Fanya, the Group is entitled to sell portions of Luzhou Lantai House (representing a total gross floor area of approximately 52,183.85 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group IV—held under development by the Group	Residential	125,322.00	
	Retail	3,595.07	
	Car Parking Space	29,933.60	1,009
	Ancillary	7,699.47	
	Others	13,892.39	
	Total:	180,442.53	1,009

8. As advised by the Group, various residential units with a total gross floor area of approximately 8,871.68 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB56,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,092,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units, RMB19,000 to RMB21,000 per sq.m. for retail units on the first floor and RMB60,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.

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PROPERTY VALUATION REPORT

11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Luzhou Fanya is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Luzhou Fanya has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Luzhou Fanya has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	No
h. Real Estate Title Certificate (Building)	N/A

13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
77.	Chengdu Tianfu Kangcheng • Duneng located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城 • 都能)	Chengdu Tianfu Kangcheng • Duneng is located at Shigao Street, Renshou County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 90,121.18 sq.m., which will be developed into a residential development with a planned gross floor area of approximately 229,600.84 sq.m. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for a term of 70 years for residential use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. 511201–2020-P-001 and 511201–2020-P-004 dated 23 April 2020 and 2 Supplementary Contracts dated 26 April 2020, the land use rights of 2 parcels of land with a total site area of approximately 90,121.18 sq.m. were contracted to be granted to Meishan Duneng Real Estate Development Co., Ltd. (眉山都能房地產開發有限公司, “Meishan Duneng”, a 91.2%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB307,100,000 and the plot ratio accountable gross floor area is approximately 164,020.54 sq.m.
- As at the valuation date, the property had not been assigned to Meishan Duneng and thus the title of the property had not been vested in Meishan Duneng. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB329,000,000 assuming the relevant title certificates have been obtained by Meishan Duneng and Meishan Duneng is entitled to freely transfer the property.

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PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group VI—contracted to be acquired by the Group	Residential	138,095.00	
	Retail	25,111.55	
	Car Parking Space	57,312.00	N/A
	Ancillary	9,082.29	
Total:		229,600.84	N/A

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,000 to RMB2,200 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contracts and the Supplementary Contracts mentioned in note 1 are legal and valid.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
78.	Chengdu Tianfu Kangcheng • Shengyu located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城 • 聖域)	Chengdu Tianfu Kangcheng • Shengyu is located at Shigao Street, Meishan County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 60,638.39 sq.m., which will be developed into a commercial development with a planned gross floor area of approximately 271,425.12 sq.m. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for a term of 40 years for commercial use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511201–2020-P-003 dated 23 April 2020 and a Supplementary Contract dated 26 April 2020, the land use rights of a parcel of land with a site area of approximately 60,638.39 sq.m. were contracted to be granted to Renshou Shengyu Real Estate Development Co., Ltd. (仁壽聖域房地產開發有限公司, “Renshou Shengyu”, a wholly-owned subsidiary of the Company) for a term of 40 years for commercial use commencing from the land delivery date. The land premium was RMB136,440,000 and the plot ratio accountable gross floor area is approximately 197,074.76 sq.m.
- As at the valuation date, the property had not been assigned to Renshou Shengyu and thus the title of the property had not been vested in Renshou Shengyu. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB189,000,000 assuming the relevant title certificates have been obtained by Renshou Shengyu and Renshou Shengyu is entitled to freely transfer the property.

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PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group VI—contracted to be acquired by the Group	Retail	197,074.77	
	Car Parking Space	69,650.35	N/A
	Ancillary	4,700.00	
	Total:	<u>271,425.12</u>	<u>N/A</u>

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB770 to RMB810 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract and the Supplementary Contract mentioned in note 1 are legal and valid.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
79.	Chengdu Tianfu Kangcheng • Yuandi located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (成都天府康城 • 源地)	Chengdu Tianfu Kangcheng • Yuandi is located at Shigao Street, Renshou County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 2 parcels of land with a total site area of approximately 85,772.96 sq.m., which is being developed into a residential and commercial development. As advised by the Group, the property is scheduled to be completed in September 2022, upon completion, the property will have a total planned gross floor area of approximately 356,594.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,623,000,000, of which approximately RMB255,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 3 June 2060 for commercial service use and 3 June 2090 for residential use.	As at the valuation date, the property was under construction.	558,000,000 (91.2% interest attributable to the Group: RMB508,896,000)

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PROPERTY VALUATION REPORT

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. 511201–2020-P-002 and 511201–2020-P-005 dated 23 April 2020 and a Supplementary Contract dated 26 April 2020, the land use rights of 2 parcels of land with a total site area of approximately 85,772.96 sq.m. were contracted to be granted to Renshou Yuandi Real Estate Development Co., Ltd. (仁壽源地房地產開發有限公司, “Renshou Yuandi”, a 91.2%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB284,100,000.
2. Pursuant to 2 Construction Land Planning Permits—Di Zi Di Nos. 511421202000518 and 511421202000517, permission towards the planning of the aforesaid land parcels with a total site area of approximately 85,772.96 sq.m. has been granted to Renshou Yuandi.
3. Pursuant to 2 Real Estate Title Certificates (Land)—Chuan (2020) Mei Shan Tian Fu Xin Qu Bu Dong Chan Quan Di Nos. 000861 and 000875, the land use rights of 2 parcels of land with a total site area of approximately 42,886.48 sq.m. have been granted to Renshou Yuandi for terms expiring on 3 June 2090 for residential use and 3 June 2060 for commercial use. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Mei Shan Tian Fu Xin Qu Bu Dong Chan Quan Di No. 0005879, the land use rights of the remaining portion of the land of the property have been granted to Renshou Yuandi for the same terms and uses.
4. Pursuant to 2 Construction Work Planning Permits—Jian Zi Di Nos. 511421202000513 and 511421202000510 in favour of Renshou Yuandi, Chengdu Tianfu Kangcheng • Yuandi with a total gross floor area of approximately 356,594.00 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits—Nos. 511403202007090201, 511403202007090101 and 511403202008070101 in favour of Renshou Yuandi, permissions by the relevant local authority were given to commence the construction of Chengdu Tianfu Kangcheng • Yuandi with a total gross floor area of approximately 356,594.00 sq.m.
6. Pursuant to a Pre-sale Permit—(2020) Fang Yu Shou Zheng Di No. 111 in favour of Renshou Yuandi, the Group is entitled to sell portions of Chengdu Tianfu Kangcheng • Yuandi (representing a total gross floor area of approximately 28,687.68 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group IV—held under development by the Group	Residential	124,780.91	
	Commercial	156,599.47	
	Ancillary	168.00	
	Car Parking Space	<u>75,045.62</u>	<u>1,751</u>
Total:		<u>356,594.00</u>	<u>1,751</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 6,932.71 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB79,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of property.

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PROPERTY VALUATION REPORT

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,754,000,000.
10. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB12,000 per sq.m. for residential units, RMB6,000 to RMB7,000 per sq.m. for apartment units, RMB11,000 to RMB16,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property, comparable properties and the property to arrive at our assumed accommodation value.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Renshou Yuandi is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Renshou Yuandi has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Renshou Yuandi has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
80.	Urumuqi Jinshang Lantai located at the eastern side of Liyu Shan Road High-Tech Industrial Development Zone Urumuqi City Xinjiang Uyghur Autonomous Region The PRC (烏魯木齊錦尚蘭台)	Urumuqi Jinshang Lantai is located at the eastern side of Liyu Shan Road, High-Tech Industrial Development Zone. The locality is a mature residential area where public facilities such as municipal facilities and amenities are well developed. The property occupies a parcel of land with a site area of approximately 25,370.92 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 69,961.49 sq.m. The construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms of 40 years for commercial use and 50 years for residential use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to a Transaction Confirmation of State-owned Land Use Rights dated 29 May 2020, the land use rights of a parcel of land with a site area of approximately 25,370.92 sq.m. were contracted to be granted to Urumqi Leading Ruihua Real Estate Development Co., Ltd. (烏魯木齊領地瑞華房地產開發有限公司, “**Leading Ruihua**”, a 60.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 50 years for residential use commencing from the land delivery date. The total land premium was RMB209,600,000 and the plot ratio accountable gross floor area is approximately 50,741.84 sq.m.
- As at the valuation date, the property had not been assigned to Leading Ruihua and thus the title of the property had not been vested in Leading Ruihua. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB209,000,000 assuming the relevant title certificates have been obtained by Leading Ruihua and Leading Ruihua is entitled to freely transfer the property.

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PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group VI—contracted to be acquired by the Group	Residential	48,392.10	
	Retail	2,892.17	
	Ancillary	2,965.73	
	Car Parking Spaces	13,048.53	N/A
	Others	2,662.96	
	Total:	69,961.49	N/A

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB3,200 to RMB4,800 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract has not been signed after signing of the Transaction Confirmation of State-owned Land Use Rights mentioned in note 1.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|----|
| a. | State-owned Land Use Rights Grant Contract | No |
| b. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
81.	Urumuqi Tianjing Yunzhu located at the eastern side of Liyu Shan Road High-Tech Industrial Development Zone Urumuqi City Xinjiang Uyghur Autonomous Region The PRC (烏魯木齊天鏡雲著)	Urumuqi Tianjing Yunzhu is located at Changchun Zhong Road, High-Tech Industrial Development Zone. The locality is a mature residential area where public facilities such as municipal facilities and amenities are well developed. The property occupies a parcel of land with a site area of approximately 30,178.31 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 108,082.93 sq.m. The construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 5. The land use rights of the property have been granted for terms of 40 years for commercial use and 50 years for residential use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 4)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 65010420200710001 dated 1 September 2020, the land use rights of a parcel of land with a site area of approximately 30,178.31 sq.m. were contracted to be granted to Urumuqi Leading Hengda Real Estate Development Co., Ltd. (烏魯木齊領地恒達房地產開發有限公司, “**Leading Hengda**”, a wholly-owned subsidiary of the Company) for terms of 40 years for commercial service use and 50 years for residential use commencing from the land delivery date. The total land premium was RMB323,000,000 and the plot ratio accountable gross floor area is approximately 110,000.00 sq.m.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 650104202000035, permissions towards the planning of the aforesaid land parcel with a site area of approximately 30,178.31 sq.m. has been granted to Leading Hengda.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 650104202001488 in favour of Leading Hengda, the property with a total gross floor area of approximately 108,082.93 sq.m. has been approved for construction.
- As at the valuation date, the property had not been assigned to Leading Hengda and thus the title of the property had not been vested in Leading Hengda. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB314,000,000 assuming the relevant title certificates have been obtained by Leading Hengda and Leading Hengda is entitled to freely transfer the property.

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PROPERTY VALUATION REPORT

5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group VI—contracted to be acquired by the Group	Residential	74,416.76	
	Retail	8,449.92	
	Ancillary	1,619.58	
	Car Parking Spaces	15,795.04	N/A
	Others	7,801.63	
	Total:	108,082.93	N/A

6. In arriving at our valuation for reference as mentioned in note 3, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB3,200 to RMB4,800 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid.
8. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
| c. | Real Estate Title Certificate (Land) | No |
| d. | Construction Work Planning Permit | Yes |
| e. | Construction Work Commencement Permit | N/A |
| f. | Pre-sale Permit | N/A |
| g. | Construction Work Completion and Inspection Certificate/Table/Report | N/A |
| h. | Real Estate Title Certificate (Building) | N/A |
9. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
82.	Yibin Guanjiang House located at the western side of Tianfu Avenue and the eastern side of Huanhu East Road Shigao Street Renshou County Meishan City Sichuan Province The PRC (宜賓觀江府)	Yibin Guanjiang House is located at Shigao Street, Meishan County. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 132,479.00 sq.m., which will be developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in November 2022. As advised by the Group, upon completion, the CIP will have a planned gross floor area of approximately 147,894.00 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 230,197.50 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 5. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB946,000,000, of which approximately RMB249,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms of 40 years for commercial service use and 70 years for residential use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	No commercial value (Refer to note 7)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 1400–2020–0027 dated 26 May 2020 and a Supplementary Contract dated 26 May 2020, the land use rights of a parcel of land with a site area of approximately 132,479.00 sq.m. were contracted to be granted to Chuanruida Real Estate Development Co., Ltd. (宜賓川瑞達房地產開發有限公司, “**Yibin Chuanruida**”, a 55.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use from the land delivery date. The land premium was RMB1,391,029,500.

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2. Pursuant to a Construction Land Planning Permit—Di Zi Di Lin Gang No. 511502202000032, permission towards the planning of the aforesaid land parcel with a site area of approximately 132,479.00 sq.m. has been granted to Yibin Chuanruida.
3. Pursuant to 3 Construction Work Planning Permits—Jian Zi Di (2020) Lin Gang Nos. 30 to 32 in favour of Yibin Chuanruida, Yibin Guanjiang House with a total gross floor area of approximately 445,301.00 sq.m. has been approved for construction.
4. Pursuant to a Construction Work Commencement Permit—No. 51250120200918001 in favour of Yibin Chuanruida, permission by the relevant local authority was given to commence the construction of portion of Yibin Guanjiang House with a gross floor area of approximately 147,894.00 sq.m.
5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	99,089.00	
	Car parking spaces	43,284.00	1,147
	Ancillary	5,521.00	
	Sub-total:	147,894.00	1,147
Group VI—contracted to be acquired by the Group (Land Portion)	Residential	214,460.00	
	Retail	12,120.00	
	Ancillary	4,109.00	
	Car parking spaces	66,718.00	N/A
	Sub-total:	297,407.00	
Total:		445,301.00	1,147

6. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,079,000,000.
7. As at the valuation date, the property had not been assigned to Yibin Chuanruida and thus the title of the property had not been vested in Yibin Chuanruida. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,470,000,000 assuming the relevant title certificates have been obtained by Yibin Chuanruida and Yibin Chuanruida is entitled to freely transfer the property.
8. In arriving at our valuation for reference as mentioned in note 7, it has been made on the following basis and analysis:
 - a. For the CIP of the property in Group IV, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 to RMB10,000 per sq.m. for residential units and RMB110,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and

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- b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group VI. The accommodation value of these comparable land sites ranges from RMB4,000 to RMB4,600 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
9. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, *inter alia*, the following:
 - a. the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid;
 - b. Yibin Chuanruida is legally and validly in possession of portion of the land use rights of the property with a site area of approximately 56,192.00 sq.m. according to the relevant Real Estate Title Certificate (Land) obtained on 23 October 2020; and
 - c. Yibin Chuanruida has obtained all requisite construction work approvals in respect of the actual development progress of the property.
10. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land)	No
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	No
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Building Ownership Certificate/Real Estate Title Certificate (Building)	N/A

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
83.	Nanchong Jinwei Leading Yuecheng No. 299 Huarong Road 1st Section Shunqing District Nanchong City Sichuan Province The PRC (南充金為領地悅城)	Nanchong Jinwei Leading Yuecheng is located at No. 299 Huarong Road 1st Section, Shunqing District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 90,142.00 sq.m., which is being developed into a residential and commercial development. The property was under construction as at the valuation date and is scheduled to be completed in August 2024. As advised by the Group, upon completion, the property will have a planned gross floor area of approximately 289,099.00 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,520,000,000, of which approximately RMB720,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 8 September 2090 for residential use and 8 September 2060 for commercial use.	As at the valuation date, the property was under construction.	748,000,000 (45.0% interest attributable to the Group: RMB336,600,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—No. 511300–2020–035 dated 23 June 2020 and a Supplementary Contract dated 28 June 2020, the land use rights of a parcel of land with a site area of approximately 90,142.00 sq.m. were contracted to be granted to Nanchong Yuandi Real Estate Development Co., Ltd. (南充源地房地產開發有限公司, “Nanchong Yuandi”, a 45.0%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use from the land delivery date. The land premium was RMB676,065,000.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 511301202000018, permission towards the planning of the aforesaid land parcel with a site area of approximately 90,142.00 sq.m. has been granted to Nanchong Yuandi.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Nan Chong Shi Bu Dong Chan Quan Di No. 0064464, the land use rights of the aforesaid land parcel with a site area of approximately 90,142.00 sq.m. have been granted to Nanchong Yuandi for terms expiring on 8 September 2090 for residential use and 8 September 2060 for commercial use.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 511302202000016 in favour of Nanchong Yuandi, Nanchong Jinwei Leading Yuecheng with a gross floor area of approximately 289,099.00 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—Nos. 511300202009210301 and 511300202009210401 in favour of Nanchong Yuandi, permission by the relevant local authority was given to commence the construction of Nanchong Jinwei Leading Yuecheng with a total gross floor area of approximately 289,099.00 sq.m.
6. Pursuant to 3 Pre-sale Permits—(Nan Shun) Fang Yu Shou Di Nos. 202001559 to 202001561 in favour of Nanchong Yuandi, the Group is entitled to sell portions of Nanchong Jinwei Leading Yuecheng (representing a total gross floor area of approximately 32,672.29 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group IV—held under development by the Group	Residential	218,830.43	
	Retail	5,944.41	
	Car Parking Spaces	59,300.07	2,388
	Ancillary	1,708.10	
	Others	3,315.99	
	Total:	289,099.00	2,388

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,082,000,000.
9. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,500 per sq.m. for residential units, RMB12,000 to RMB14,000 per sq.m. for retail units on the first floor and RMB40,000 to RMB50,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
10. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of a third party.

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11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, *inter alia*, the following:
 - a. the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid;
 - b. Nanchong Yuandi is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3. As land use rights are subject to a mortgage, Nanchong Yuandi has the rights to occupy and use the land parcel, but the transfer of the property would be restricted until the mortgage has been released;
 - c. Nanchong Yuandi has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - d. Nanchong Yuandi has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Yes
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
13. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
84.	Guangyuan Leading City located at the eastern side of Central Kangyang Avenue, the northern side of Qiaoge Road Lizhou District Guangyuan City Sichuan Province The PRC (廣元領地城)	Guangyuan Leading City is located at the eastern side of Central Kangyang Avenue, Lizhou District. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies 6 parcels of land with a total site area of approximately 263,816.19 sq.m., which will be developed into a residential and commercial development with a planned gross floor area of approximately 554,894.56 sq.m. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 5. The land use rights of the property have been granted for terms of 40 years for commercial use and 70 years for residential use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 4)

Notes:

- Pursuant to 6 State-owned Land Use Rights Grant Contracts—Nos. 2020–11, 2020–12, 2020–13, 2020–14, 2020–15 and 2020–16 dated 13 July 2020, the land use rights of 6 parcels of land with a total site area of approximately 263,816.19 sq.m. were contracted to be granted to Guangyuan Weichuang Real Estate Development Co., Ltd. (廣元唯創房地產開發有限公司, “Guangyuan Weichuang”, a 55.9%-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The land premium was RMB1,282,000,000 and the plot ratio accountable gross floor area is approximately 419,648.57 sq.m.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510800202000015, permission towards the planning of portion of the aforesaid land parcel with a site area of approximately 96,133.43 sq.m. has been granted to Guangyuan Weichuang.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510800202000026 in favour of Guangyuan Weichuang, portion of Guangyuan Leading City with a gross floor area of approximately 283,079.74 sq.m. has been approved for construction.

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4. As at the valuation date, the property had not been assigned to Guangyuan Weichuang and thus the title of the property had not been vested in Guangyuan Weichuang. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,360,000,000 assuming the relevant title certificates have been obtained by Guangyuan Weichuang and Guangyuan Weichuang is entitled to freely transfer the property.
5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group VI—contracted to be acquired by the Group	Residential	368,477.79	
	Retail	48,657.64	
	Car Parking Space	132,133.94	N/A
	Ancillary	<u>5,625.19</u>	
	Total:	<u>554,894.56</u>	<u>N/A</u>

6. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,900 to RMB3,200 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid.
8. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Portion
c. Real Estate Title Certificate (Land)	No
d. Construction Work Planning Permit	Portion
e. Construction Work Commencement Permit	No
f. Pre-sale Permit	No
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A
9. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
85.	Panzhihua Ruxiang Huacheng located at the southern side of Ganlan Road and the western side of Bingren Road Huacheng New District Panzhihua City Sichuan Province The PRC (攀枝花如享花城)	Panzhihua Ruxiang Huacheng is located at the southern side of Ganlan Road and the western side of Bingren Road. The locality is a mature residential and commercial area. The property occupies a parcel of land with a site area of approximately 10,561.58 sq.m., which is being developed into a commercial development. As advised by the Group, the property is scheduled to be completed in October 2022, upon completion, the property will have a planned gross floor area of approximately 39,172.74 sq.m. The classification, usage and planned gross floor area details of the property are set out in note 6. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB189,000,000, of which approximately RMB43,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 23 July 2060 for wholesale and retail, accommodation and catering uses.	As at the valuation date, the property was under construction.	48,000,000 (51.0% interest attributable to the Group: 24,480,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—5104–2020–S008 dated 24 July 2020, the land use rights of a parcel of land with a site area of approximately 10,561.58 sq.m. were contracted to be granted to Panzhihua Weichuang Real Estate Development Co., Ltd. (攀枝花唯創房地產開發有限公司, “Weichuang Real Estate”, a 51.0%-owned subsidiary of the Company) for a term of 40 years for commercial use commencing from the land delivery date. The total land premium was RMB41,000,000 and the plot ratio accountable gross floor area is approximately 31,684.74 sq.m.
- Pursuant to a Construction Land Planning Permit—Di Zi Di No. 510401202008057, permission towards the planning of the aforesaid land parcel with a site area of approximately 10,561.58 sq.m. has been granted to Weichuang Real Estate.

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3. Pursuant to a Real Estate Title Certificate (Land)—Chuan (2020) Pan Zhi Hua Shi Bu Dong Chan Quan Di No. 0016433, the land use rights of the aforesaid land parcel with a site area of approximately 10,561.58 sq.m. have been granted to Weichuang Real Estate for a term expiring on 23 July 2060 for wholesale and retail, accommodation and catering uses.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No. 510401202009065 in favour of Weichuang Real Estate, Panzhihua Ruxiang Huacheng with a gross floor area of approximately 39,172.74 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit—510400202009300101 in favour of Weichuang Real Estate, permission by the relevant local authority was given to commence the construction of Panzhihua Ruxiang Huacheng with a gross floor area of approximately 39,172.74 sq.m.
6. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group	Retail	8,270.26	
	Apartment	23,277.01	
	Ancillary	242.47	
	Car Parking Spaces	<u>7,383.00</u>	<u>192</u>
	Total:	<u>39,172.74</u>	<u>192</u>

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB291,000,000.
8. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB18,000 to RMB21,000 per sq.m. for retail units on the first floor, RMB5,500 to RMB7,000 per sq.m. for apartment units and RMB60,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property.
9. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, *inter alia*, the following:
 - a. The State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid;
 - b. Weichuang Real Estate is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3; and
 - c. Weichuang Real Estate has obtained all requisite construction work approvals in respect of the actual development progress of the property.

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10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	Real Estate Title Certificate (Land)	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
h.	Real Estate Title Certificate (Building)	N/A

11. For the purpose of this report, the property is classified into the group as “Group IV—held under development by the Group in the PRC” according to the purpose for which it is held.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
86.	Chengdu Leading Guanjiang House located at the southern side of Yulan East Road and the northern side of Baishui East Street Dujiangyan City Chengdu City Sichuan Province The PRC (成都 • 領地觀江府)	Chengdu Leading Guanjiang House is located at the southern side of Yulan East Road and the northern side of Baishui East Street. The locality is a well-developed area where public facilities such as municipal facilities and amenities are well established. The property occupies 4 parcels of land with a total site area of approximately 78,475.41 sq.m., which will be developed into a residential and commercial development. Portions of the property were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in 30 November 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 116,230.51 sq.m. The construction of the remaining portion of the property (the “Land Portion”) with a plot ratio accountable gross floor area of approximately 112,895.66 sq.m. was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB801,000,000, of which approximately RMB296,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 13 March 2060 for commercial use and 13 March 2090 for residential use.	As at the valuation date, the CIP of the property was under construction and the Land Portion was bare land for future development.	757,000,000 (100% interest attributable to the Group: RMB757,000,000)

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Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—No. 510181–2018-B-019 dated 28 November 2018, the land use rights of 4 parcels of land with a total site area of approximately 78,475.41 sq.m. were contracted to be granted to Beijing Xinmianzhiye Co., Ltd. (北京信勉置業有限公司, “Beijing Xinmianzhiye”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB477,000,000.
2. Pursuant to 4 Construction Land Planning Permits—Di Zi 5101272020365 to 5101272020368, permission towards the planning of portion of the aforesaid land parcel with a site area of approximately 78,475.41 sq.m. has been granted to Beijing Xinmianzhiye.
3. Pursuant to 4 Real Estate Title Certificates (Land)—Chuan 2020 Dujiangyan Bu Dong Chan Quan Di Nos. 0006365 to 0006368, the land use rights of the aforesaid land parcels with a total site area of approximately 78,475.41 sq.m. have been granted to Beijing Xinmianzhiye for terms expiring on 13 March 2060 for commercial use and 13 March 2090 for residential use.
4. Pursuant to 4 Construction Work Planning Permits—Jian Zi Di 510127202030847 to 510127202030850 in favour of Beijing Xinmianzhiye, Chengdu Leading Guanjiang House with a total gross floor area of approximately 238,072.11 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—510181202009040501 and 510181202009040601 in favour of Beijing Xinmianzhiye, permission by the relevant local authority was given to commence the construction of portion of Chengdu Leading Guanjiang House with a total gross floor area of approximately 116,230.51 sq.m.
6. Pursuant to a Pre-sale Permit—Rong Yu Shou Zi Di 51018120205211 in favour Beijing Xinmianzhiye, the Group is entitled to sell portions of Chengdu Leading Guanjiang House (representing a gross floor area of approximately 35,819.70 sq.m.) to purchasers.
7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group IV—held under development by the Group (CIP)	Residential	80,368.48	
	Retail	6,042.60	
	Car parking spaces	14,491.79	982
	Ancillary	7,389.86	
	Others	7,937.78	
	Sub-total:	116,230.51	982
Group V—held for future development by the Group (Land Portion)	Residential	88,422.60	
	Retail	4,064.84	
	Ancillary	15,213.57	
	Car parking spaces	5,536.71	N/A
	Other	8,603.88	
	Sub-total:	121,841.60	N/A
Total:		238,072.11	982

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8. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,001,000,000.
9. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property in Group IV. The unit price of these comparable properties ranges from RMB9,500 to RMB10,500 per sq.m. for residential units, RMB20,000 to RMB23,000 for retail units on the first floor, and RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property in Group IV to arrive at the assumed unit rate for the property; and
 - b. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property in Group V. The accommodation value of these comparable land sites ranges from RMB3,000 to RMB4,800 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, *inter alia*, the following:
 - a. Beijing Xinmianzhiye is legally and validly in possession of the land use rights of the property according to the relevant Real Estate Title Certificate (Land) mentioned in note 3;
 - b. Beijing Xinmianzhiye has obtained all requisite construction work approvals in respect of the actual development progress of the property; and
 - c. Beijing Xinmianzhiye has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.
11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. Construction Land Planning Permit	Yes
c. Real Estate Title Certificate (Land)	Yes
d. Construction Work Planning Permit	Yes
e. Construction Work Commencement Permit	Portion
f. Pre-sale Permit	Portion
g. Construction Work Completion and Inspection Certificate/Table/Report	N/A
h. Real Estate Title Certificate (Building)	N/A

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12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)	Interest attributable to the Group	Market value attributable to the Group as at the valuation date (RMB)
Group IV—held under development by the Group	346,000,000	100%	346,000,000
Group V—held for future development by the Group	411,000,000	100%	411,000,000
Total:	757,000,000	100%	757,000,000

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
87.	Suining Taolijun located at Suizhou Road Jingkai District Suining City Sichuan Province the PRC (遂寧桃李郡)	Suining Taolijun is located at Suizhou Road, Jingkai District. It is well-served by public transportation. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 30,807.93 sq.m., which will be developed into a residential and commercial development. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for commercial use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—510800–2020-Pai 3 dated 20 July 2020, the land use rights of a parcel of land with a site area of approximately 30,807.93 sq.m. were contracted to be granted to Suining Chuanda Real Estate Development Co., Ltd. (遂寧川達房地產開發有限公司, “**Suining Chuanda**”, a 34.0%-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB268,018,000, and the plot ratio accountable gross floor area is approximately 92,423.79 sq.m.
- As at the valuation date, the property had not been assigned to Suining Chuanda and thus the title of the property had not been vested in Suining Chuanda. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB282,000,000 assuming the relevant title certificates have been obtained by Suining Chuanda and Suining Chuanda is entitled to freely transfer the property.

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3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group VI—contracted to be acquired by the Group	Residential	87,008.14	
	Retail	3,112.41	
	Car Parking spaces	23,963.02	
	Ancillary	5,829.32	
	Others	<u>4,523.00</u>	<u>N/A</u>
	Total:	<u>124,435.89</u>	<u>N/A</u>

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,700 to RMB3,000 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | Construction Land Planning Permit | No |
| c. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
88.	Xichang Leading Guanyuan located at Gaoshichunxi South Road Xichang City Sichuan Province the PRC (西昌領地觀園)	Xichang Leading Guanyuan is located at Gaoshichunxi South Road. It is well-served by public transportation. The locality is a mature residential area. The property occupies a parcel of land with a site area of approximately 90,531.32 sq.m., which will be developed into a residential and commercial development. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for commercial and other service facility uses.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—2020-Cheng Dong Nan Pian Qu Jian Chang Shui Zhen Er Qi dated 23 September 2020, the land use rights of a parcel of land with a site area of approximately 90,531.32 sq.m. were contracted to be granted to Xichang Guangyuan Real Estate Development Co., Ltd. (西昌廣源房地產開發有限公司, “Xichang Guangyuan”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial and other service facility uses commencing from the land delivery date. The land premium was RMB460,000,000, and the plot ratio accountable gross floor area is approximately 78,596.25 sq.m.
- As at the valuation date, the property had not been assigned to Xichang Guangyuan and thus the title of the property had not been vested in Xichang Guangyuan. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB470,000,000 assuming the relevant title certificates have been obtained by Xichang Guangyuan and Xichang Guangyuan is entitled to freely transfer the property.

APPENDIX III

PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group VI—contracted to be acquired by the Group	Residential	56,348.86	
	Retail	21,664.90	
	Car Parking Spaces	33,361.75	N/A
	Ancillary	48,050.25	
	Others	16,558.45	
	Total:	175,984.21	N/A

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB4,000 to RMB6,000 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | Construction Land Planning Permit | No |
| c. | State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
89.	Luohe Lishanglantai located at south side of the Shuichunjiang Road Yuanhui District Luohe City Henan Province the PRC (漯河醴尚蘭臺)	Luohe Lishanglantai is located at the southern side of the Shuichunjiang Road. It is close to the Luohe West Train Station. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 106,858.00 sq.m., which will be developed into a residential and commercial development. As advised by the Group, the construction of the property was not commenced as at the valuation date. The classification, usage and planned gross floor area details of the property are set out in note 3. The land use rights of the property have been granted for terms of 40 years for commercial use and 70 years for residential use.	As at the valuation date, the property was bare land for future development.	No commercial value (Refer to note 2)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract—411100-CR-2020-057 dated 15 October 2020, the land use rights of a parcel of land with a site area of approximately 106,858.00 sq.m. were contracted to be granted to Luohe Weiyue Real Estate Development Co., Ltd. (漯河偉悅房地產開發有限公司, “Luohe Weiyue”, a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB320,574,000, and the plot ratio accountable gross floor area is approximately 267,145.00 sq.m.
- As at the valuation date, the property had not been assigned to Luohe Weiyue and thus the title of the property had not been vested in Luohe Weiyue. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB343,000,000 assuming the relevant title certificates have been obtained by Luohe Weiyue and Luohe Weiyue is entitled to freely transfer the property.

APPENDIX III

PROPERTY VALUATION REPORT

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Planned Gross Floor Area (sq.m.)</u>	<u>No. of Car Parking Space</u>
Group VI—contracted to be acquired by the Group	Residential	262,549.31	
	Retail	7,403.46	
	Car Parking Spaces	45,569.93	2,080
	Ancillary	3,640.27	
	Others	16,440.00	
	Total:	335,602.97	2,080

4. In arriving at our valuation for reference as mentioned in note 2, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,200 to RMB1,300 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in site area, layout, accessibility and other characters between the comparable properties and the property to arrive at our assumed accommodation value.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser that the State-owned Land Use Rights Grant Contract mentioned in note 1 is legal and valid.
6. A summary of major certificates/approvals is shown as follows:
- | | |
|---|-----|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Construction Land Planning Permit | No |
| c. State-owned Land Use Rights Certificate/Real Estate Title Certificate (Land) | No |
7. For the purpose of this report, the property is classified into the group as “Group VI—contracted to be acquired by the Group in the PRC” according to the purpose for which it is held.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 July 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 Memorandum of Association (the “**Memorandum**”) and its 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 November 16, 2020 with effect from the [REDACTED]. 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.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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 canceled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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 recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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 installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money’s worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days’ notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

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.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

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.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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 traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company’s monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
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- (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.

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(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies 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 authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

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If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

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(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.

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(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies 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 authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

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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 summarized financial statements derived from the Company’s annual accounts and the directors’ report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company’s annual financial statement and the directors’ report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or 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 authorized for this purpose in accordance with the Companies Law.

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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 check 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 check 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 check or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other 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.

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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 summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

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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 authorized share capital.

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(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 cancelation 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 authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

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(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies 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 authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company’s articles of association or the Companies 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.

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(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 authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company’s capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company’s memorandum and articles of association.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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.

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The undertaking for the Company is for a period of twenty years from 25 July 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies 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.

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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 authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

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A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days’ notice to each contributory in any manner authorized by the company’s articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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 summarizing 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 document. 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.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

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 July 15, 2019. Our Company has established its principal place of business in Hong Kong at 40th Floor, Sunlight Tower, No. 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 October 23, 2019. Ms. Mak Po Man Cherie 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, its operations are subject to the Cayman Islands Companies Law, the Memorandum and the Articles and the applicable laws of the Cayman Islands. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the Cayman Islands company law is set out in “Appendix IV—Summary of the Constitution of the Company and Cayman Islands Company Law.”

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 HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon its incorporation, one Share was issued and allotted to an initial subscriber, who is an Independent Third Party, and such Share was transferred to Yue Lai which was wholly owned by Mr. Liu Yuhui, on the same date. On September 25, 2019, 9,999 Shares were issued and allotted in the following manner:

- (a) 2,816 Shares and 500 Shares to Yuan Di and Fan Tai, respectively, both of which were wholly owned by Mr. Liu Ce;
- (b) 2,815 Shares and 500 Shares to Yue Lai and Jin Sha Jiang, respectively, both of which were wholly owned by Mr. Liu Yuhui;
- (c) 2,817 Shares and 500 Shares to Ling Yue and Lian Rong, respectively, both of which were wholly owned by Mr. Liu Haowei;
- (d) 17 Shares to San Jiang Yuan which was wholly owned by Ms. Wang Tao;
- (e) 17 Shares to Fu Sheng which was wholly owned by Ms. Long Yiqin; and
- (f) 17 Shares to Shan Yuan which was wholly owned by Ms. Hou Sanli.

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On December 31, 2019, 50,000 Shares were issued and allotted in the following manner:

- (a) 13,911 Shares and 2,470 Shares to Yuan Di and Fan Tai, respectively, both of which were wholly owned by Mr. Liu Ce;
- (b) 13,911 Shares and 2,470 Shares to Yue Lai and Jin Sha Jiang, respectively, both of which were wholly owned by Mr. Liu Yuhui;
- (c) 13,916 Shares and 2,470 Shares to Ling Yue and Lian Rong, respectively, both of which were wholly owned by Mr. Liu Haowei;
- (d) 84 Shares to San Jiang Yuan which was wholly owned by Ms. Wang Tao;
- (e) 84 Shares to Fu Sheng which was wholly owned by Ms. Long Yiqin;
- (f) 84 Shares to Shan Yuan which was wholly owned by Ms. Hou Sanli; and
- (g) 600 Shares to Du Neng Holding which was wholly owned by Mr. Wei Yue.

Pursuant to the written resolutions of our Shareholders passed on November 16, 2020, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 Shares.

Immediately following the completion of the [REDACTED] and the [REDACTED] without taking into account any Shares which may be issued upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme, the issued share capital of our Company will be [REDACTED] divided into [REDACTED] Shares, all fully paid or credited as fully paid, and [REDACTED] Shares will remain unissued.

Save as disclosed above and as mentioned in “—5. Written resolutions of our Shareholders passed on November 16, 2020”, there has been no alteration in the share capital of our Company since its incorporation.

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3. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in note 1 of “Appendix I—Accountants’ Report”.

Set out below is certain information of our non-wholly owned subsidiaries as of the Latest Practicable Date:

No.	Name of non-wholly owned subsidiary	Other non-Group shareholders ⁽¹⁾	Approximate percentage of the equity interests
1.	Chengdu Lingpao Real Estate Development Co., Ltd. (成都領跑房地產開發有限公司)	Chengdu Jinke Real Estate Development Co., Ltd. (成都金科房地產開發有限公司)	30%
2.	Chengdu Xinlong Real Estate Co., Ltd. (成都新隆置業有限公司) (“Chengdu Xinlong”)	Chengdu Lianzhong Chuangzhan Enterprise Management Consulting Co., Ltd. (成都聯眾創展企業管理諮詢有限公司) ⁽³⁾ (“Chengdu Lianzhong Chuangzhan”)	5%
3.	Chengde Junyue Real Estate Development Co., Ltd. (承德市君越房地產開發有限公司) ⁽²⁾	Chengde Juntai Real Estate Development Co., Ltd. (承德市君泰房地產開發有限公司) (“Chengde Juntai”)	35%
		Hebei Jiuzhou Changlong Agricultural Technology Co., Ltd. (河北九州昌隆農業科技有限公司)	25%
4.	Jilin Leading Real Estate	Changchun Shangyuan Real Estate Development Co., Ltd. (長春市上源房地產開發有限公司)	45%
5.	Leshan Huarui Real Estate Development Co., Ltd. (樂山華瑞房地產開發有限公司)	Sichuan Bilian Technology Co., Ltd. (四川必鏈科技有限公司)	20%
		Sichuan Jinghua Real Estate Development Co., Ltd. (四川省精華房地產開發有限公司)	10%
6.	Leshan Lingyue Real Estate Development Co., Ltd. (樂山領悅房地產開發有限公司)	Sichuan Xintianli Tourism Resource Development Co., Ltd. (四川新天利城旅遊資源開發有限公司)	40%
7.	Meishan Weichuang Real Estate Development Co., Ltd. (眉山唯創房地產開發有限公司)	Tibet Feihong Steel Structure Co., Ltd. (西藏飛虹鋼結構有限公司)	22%
		Yiwu Chengcheng Investment Management Co., Ltd. (義烏市誠成投資管理有限公司)	18%
8.	Sichuan Yuandi Real Estate	Sichuan Wanrunda Real Estate Co., Ltd. (四川萬潤達置業有限公司)	34%
		Meishan Derui Trading Co., Ltd. (眉山市德瑞貿易有限公司)	9%
9.	Sichuan Changshoufang Real Estate Development Co., Ltd. (四川長壽坊房地產開發有限責任公司)	Ren Chongxi (任崇喜)	20%
10.	Meishan Huarui Hongda Real Estate Co., Ltd. (眉山華瑞宏大置業有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%

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No.	Name of non-wholly owned subsidiary	Other non-Group shareholders ⁽¹⁾	Approximate percentage of the equity interests
11.	Mianyang Jiaruicheng Real Estate Development Co., Ltd. (綿陽嘉瑞誠房地產開發有限公司)	Sichuan Esheng Cement Group Holdings Co., Ltd. (四川峨勝水泥集團股份有限公司)	37.9%
12.	Xichang Lingchuang Real Estate Development Co., Ltd. (西昌領創房地產開發有限公司) (“Xichang Lingchuang”)	Chengdu Lianzhong Chuangzhan ⁽³⁾	5%
13.	Xichang Haicheng Tourism Development Co., Ltd. (西昌市海誠旅遊開發有限公司)	Xichang Dongfang Space Tourism Co., Ltd. (西昌東方航天旅遊有限公司)	45%
14.	Xichang Weichuang Real Estate	Chengdu Lianzhong Chuangzhan ⁽³⁾	5%
15.	Xinjiang Leading Real Estate	Sichuan Chuanyi Investment Co., Ltd. (四川省川億投資有限公司)	15%
16.	Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd. (新疆兆龍誠祥房地產開發有限公司)	Xinjiang Chengxiang Construction Development Co., Ltd. (新疆誠祥建設發展有限公司)	3.17%
		Xinjiang Zhaolong Yihuang Investment Co., Ltd. (新疆兆龍翌煌投資有限公司)	1.58%
17.	Ya'an Lingyue Real Estate Development Co., Ltd. (雅安領悅房地產開發有限公司) (“Ya'an Lingyue”)	Chengdu Lianzhong Chuangzhan ⁽³⁾	5%
18.	Ya'an Yuandi Real Estate Development Co., Ltd. (雅安源地房地產開發有限公司) (“Ya'an Yuandi”)	Chengdu Lianzhong Chuangzhan ⁽³⁾	5%
19.	Zhumadian Royal Post Cultural Tourism Development Co., Ltd. (駐馬店皇家驛站文化旅遊開發有限公司)	Henan Royal Post Cultural Tourism Development Co., Ltd. (河南皇家驛站文化旅遊開發有限公司)	30%
20.	Mianyang Fantaiya Real Estate Development Co., Ltd. (綿陽泛太亞房地產開發有限公司)	Chengdu Shengtiancheng Property Co., Ltd. (成都盛天成置業有限公司)	50%
21.	Nanchong Lingyue Real Estate Development Co., Ltd. (南充領悅房地產開發有限公司)	Shanghai Zhaowei Enterprise Management Partnership (LP) (上海兆華企業管理合伙企業(有限合夥))	9%
		Shanghai Jiqing Enterprise Management Center (上海濟清企業管理中心)	9%
22.	Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒量房地產開發有限公司)	Shanghai Zhaowei Enterprise Management Partnership (LP) (上海兆華企業管理合伙企業(有限合夥)) (“Shanghai Zhaowei”)	10%
		Shanghai Jiqing Enterprise Management Center (上海濟清企業管理中心) (“Shanghai Jiqing”)	10%

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No.	Name of non-wholly owned subsidiary	Other non-Group shareholders ⁽¹⁾	Approximate percentage of the equity interests
23.	Xichang Leading Real Estate	Leshan Land Real Estate Development Co., Ltd. (樂山市陸地房地產開發有限公司)	7%
		Meishan Jianzhong Construction Material Co., Ltd. (眉山市建忠建築材料有限公司)	8.5%
		Sichuan Changhong Construction Engineering Co., Ltd. (四川昌弘建設工程有限公司)	2%
24.	Chengde Shuangluan District Haijian Real Estate Development Co., Ltd. (承德市雙溝區海建房地產開發有限公司)	Chengde Juntai Real Estate Development Co., Ltd. (承德市君泰房地產開發有限公司)	51% ⁽²⁾
25.	Huizhou Lingyue Real Estate Development Co., Ltd. (惠州領悅房地產開發有限公司)	Tang Yuezhong (唐月忠)	20%
26.	Ya'an Leading Real Estate Development Co., Ltd. (雅安領地房地產開發有限公司)	Meishan Shishida Trading Co., Ltd. (眉山事事達商貿有限公司)	25%
		Sichuan Dixin Real Estate Development Co., Ltd. (四川地鑫房地產開發有限責任公司)	24%
27.	Leshan Haina Real Estate Development Co., Ltd. (樂山海納房地產開發有限公司)	Sichuan Yongfeng Paper Holding Co., Ltd. (四川永豐紙業股份有限公司)	49%
28.	Sichuan Land Real Estate Development Co., Ltd. (四川陸地房地產開發有限公司)	Leshan Land Real Estate Development Co., Ltd. (樂山市陸地房地產開發有限公司)	21.5%
29.	Guizhou Leading Real Estate Development Co., Ltd. (貴州領地房地產開發有限公司)	Guizhou Meilongda Industrial Development Co., Ltd. (貴州美隆達實業發展有限公司)	30%
30.	Xuzhou Chuanda Real Estate Development Co., Ltd. (徐州川達房地產開發有限公司)	Henan Yatong Property Co., Ltd. (河南雅同置業有限公司)	49%
31.	Meishan Qingzhugou Tourism Development Co., Ltd. (眉山青竹溝旅遊開發有限公司)	Jiang Lingyun (姜凌雲)	40%
32.	Sichuan Jinhengyuan Trading Co., Ltd. (四川金恒源商貿有限公司)	Chengdu Ruitonghang Trading Co., Ltd. (成都瑞通行商貿有限公司)	40%
		Chengdu Hongtu Weichuang Enterprise Management Partnership (LP) (成都宏圖偉創企業管理合伙企業(有限合夥)) ⁽⁴⁾	5%
33.	Zhangjiakou Lingyu Real Estate Development Co., Ltd. (張家口領域房地產開發有限公司)	Zhangjiakou Ruicheng Trading Co., Ltd. (張家口瑞誠商貿有限公司)	25%
34.	Meishan Haina Real Estate Development Co., Ltd. (眉山海納房地產開發有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%
35.	Chengde Chuanda Real Estate Development Co., Ltd. (承德川達房地產開發有限公司)	Chengde Juntai	49%
36.	Meishan Chuanruida Real Estate Development Co., Ltd. (眉山川瑞達房地產開發有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%

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No.	Name of non-wholly owned subsidiary	Other non-Group shareholders ⁽¹⁾	Approximate percentage of the equity interests
37.	Zhengzhou Chuanda Real Estate Development Co., Ltd. (鄭州川達房地產開發有限公司)	Zhengzhou Liangjing Industrial Co., Ltd. (鄭州量旌實業有限公司)	30%
38.	Ya'an Jinhong Real Estate Development Co., Ltd. (雅安金宏房地產開發有限公司)	Ya'an Jinkai Real Estate Development Co., Ltd. (雅安金凱房地產開發有限公司)	49%
39.	Urumuqi Leading Ruihua Real Estate Development Co., Ltd. (烏魯木齊領地瑞華房地產開發有限公司)	Xinjiang Zhongling Chenjiang Real Estate Development Co., Ltd. (新疆中凌辰江房地產開發有限公司)	40%
40.	Renshou Yuandi Real Estate Development Co., Ltd. (仁壽源地房地產開發有限公司)	Shanghai Zhaowei Shanghai Jiqing	4.4% 4.4%
41.	Meishan Duneng Real Estate Development Co., Ltd. (眉山都能房地產開發有限公司)	Shanghai Zhaowei Shanghai Jiqing	4.4% 4.4%
42.	Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發有限公司)	Zhongrong International Trust Co., Ltd. (中融國際信托有限公司)	49% ⁽⁵⁾
43.	Chengdu High-tech Yuandi Chuanda Enterprise Management Co., Ltd. (成都高新源地川達企業管理有限公司)	Chengdu Yilian Properties Co., Ltd. (成都益聯置業有限公司)	49%
44.	Luzhou Fanya Real Estate Development Co., Ltd. (瀘州泛亞房地產開發有限公司)	Meishan Xiechuang Enterprise Management Service Co., Ltd. (眉山協創企業管理服務有限公司)	2.54%

Notes:

- (1) Save as disclosed below, to the best of our knowledge, information and belief, having made all reasonable enquiries, each of the other non-Group shareholders were Independent Third Parties save for their respective equity interests in the relevant subsidiaries of our Group as of the Latest Practicable Date.
- (2) Despite our Group's minority shareholding in such company, our Group has control over such company through majority voting rights. Therefore, such company was accounted for as subsidiary of our Group.
- (3) Chengdu Lianzhong Chuangzhan is owned as to 51% by Mr. Xu Chuanhai, our vice president, and 49% by Mr. Luo Changlin, our executive Director and chief financial officer. See “History, Reorganization and Corporate Structure—Our Corporate Developments—Xichang Weichuang Real Estate.”
- (4) Chengdu Hongtu Weichuang Enterprise Management Partnership (LP) was a limited partnership with Chengdu Lianzhong Chuangzhan as its general partner. See “History, Reorganization and Corporate Structure—Our Corporate Developments—Pixian Shengda Real Estate.”
- (5) The legal ownership of 49% of the equity interest in Chengdu Gangji Real Estate Development Co., Ltd. was transferred as collateral to Zhongrong International Trust Co., Ltd. pursuant to a trust financing arrangement.

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4. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants’ Report, the text of which is set out in Appendix I to this document.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

Leading Group

On September 19, 2019, the registered share capital of Leading Group was increased from RMB3,300 million to RMB3,390 million.

Leshan Huarui Real Estate Development Co., Ltd. (樂山華瑞房地產開發有限公司)

On March 30, 2020, the registered capital of Leshan Huarui Real Estate was decreased from RMB243 million to RMB80 million.

Panzhuhua Lingyue Real Estate Development Co., Ltd. (攀枝花領悅房地產開發有限公司)

On March 18, 2019, the registered capital of Panzhuhua Lingyue Real Estate Development Co., Ltd. was increased from RMB50 million to RMB250 million.

Xichang Leading Real Estate

On March 19, 2019, the registered capital of Xichang Leading Real Estate was decreased from RMB80 million to RMB8 million.

Jingzhou Lingchuang Real Estate Development Co., Ltd. (荊州領創房地產開發有限公司)

On April 9, 2019, the registered capital of Jingzhou Lingchuang Real Estate Development Co., Ltd. was increased from RMB10 million to RMB50 million.

Zhumadian Shengshi Huitong Real Estate Development Co., Ltd. (駐馬店盛世匯通房地產開發有限公司)

On April 23, 2019, the registered capital of Zhumadian Shengshi Huitong Real Estate Development Co., Ltd. was increased from RMB8 million to RMB40 million.

Mianyang Jiariucheng Real Estate Development Co., Ltd. (綿陽嘉瑞誠房地產開發有限公司)

On June 17, 2019, the registered capital of Mianyang Jiariucheng Real Estate Development Co., Ltd. was increased from RMB8 million to RMB42 million.

Shanwei Leading Real Estate Development Co., Ltd. (汕尾市領地房地產開發有限公司)

On August 5, 2019, the registered capital of Shanwei Leading Real Estate Development Co., Ltd. was increased from RMB10 million to approximately RMB20.4 million.

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Mianyang Fantaiya Real Estate Development Co., Ltd. (綿陽泛太亞房地產開發有限公司)

On July 17, 2019, the registered capital of Mianyang Fantaiya Real Estate Development Co., Ltd. was increased from RMB20 million to RMB40 million.

Nanchong Lingyue Real Estate Development Co., Ltd. (南充領悅房地產開發有限公司)

On December 6, 2019, the registered capital of Nanchong Lingyue Real Estate Development Co., Ltd. was increased from RMB50 million to approximately RMB61.0 million.

Chengdu Hengliang Enterprise Management Consulting Co., Ltd. (成都恒量企業管理諮詢有限公司)

On September 18, 2019, the registered capital of Chengdu Hengliang Enterprise Management Consulting Co., Ltd. was increased from RMB3 million to RMB10 million.

Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒量房地產開發有限公司)

On October 17, 2019, the registered capital of Xichang Hengliang Real Estate Development Co., Ltd. was increased from RMB20 million to RMB25 million.

Chengdu Hengxi Enterprise

On November 12, 2019, the registered capital of Chengdu Hengxi Enterprise was increased from RMB100 million to approximately RMB101.0 million.

Chengdu Yuehang Real Estate Development Co., Ltd. (成都悅航房地產開發有限公司)

On November 28, 2019, the registered capital of Chengdu Yuehang Real Estate Development Co., Ltd. was increased from RMB8 million to approximately RMB44.4 million.

Ya'an Jinhong Real Estate Development Co., Ltd. (雅安金宏房地產開發有限公司)

On February 17, 2020, the registered capital of Ya'an Jinhong Real Estate Development Co., Ltd. was increased from RMB20 million to RMB41 million.

Chengdu High-tech Yuandi Chuanda Enterprise Management Co., Ltd. (成都高新源地川達企業管理有限公司)

On May 14, 2020, the registered capital of Chengdu High-tech Yuandi Chuanda Enterprise Management Co., Ltd. was increased from RMB10 million to RMB20 million.

Meishan Duneng Real Estate Development Co., Ltd. (眉山都能房地產開發有限公司)

On May 19, 2020, the registered capital of Meishan Duneng Real Estate Development Co., Ltd. was increased from RMB50 million to approximately RMB54.8 million.

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Pixian Shengda Real Estate

On May 22, 2020, the registered capital of Pixian Shengda Real Estate was decreased from RMB100 million to RMB10 million.

Chengdu Gangji Real Estate Development Co., Ltd. (成都港基房地產開發有限公司)

On June 22, 2020, the registered capital of Chengdu Gangji Real Estate Development Co., Ltd. was increased from approximately RMB42.6 million to approximately RMB83.5 million.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

5. Written resolutions of our Shareholders passed on November 16, 2020

Pursuant to the written resolutions passed by our Shareholders on November 16, 2020, among other matters:

- (a) we approved and conditionally adopted the Memorandum and the Articles which will become effective upon [REDACTED];
- (b) the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares, carrying the same rights in all respects with the existing Shares of the Company with immediate effect;
- (c) conditional on (aa) the [REDACTED] granting the approval for the [REDACTED] of, and permission to deal in, the Shares in issue and Shares to be issued and allotted pursuant to the [REDACTED], the [REDACTED] and as mentioned in this document including the Shares which may be issued and allotted pursuant to the exercise of the [REDACTED] Option and the exercise of the options which may be granted under the Share Option Scheme; (bb) the [REDACTED] having been duly determined; and (cc) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this document), in each case on or before the dates and times specified in the [REDACTED]:
 - (i) the [REDACTED] was approved and our Directors were authorized to issue and allot the [REDACTED] pursuant to the [REDACTED];
 - (ii) the [REDACTED] was approved;

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- (iii) the rules of the Share Option Scheme, the principal terms of which are set out “—D. Other Information—1. 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 allot, issue 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 [REDACTED], our Directors were authorized to capitalize HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] 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 issued and allotted) 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 allotted and issued), 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 the grant of options under the Share Option Scheme or other similar arrangements 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 [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the [REDACTED] and the exercise of the options which 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 [REDACTED] 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 [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the [REDACTED] and the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect

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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 brought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (vi) above.

6. Reorganization

In preparation for the [REDACTED], 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.”

7. Buy back by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this document concerning the buy back by our Company of its 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 buy backs 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 November 16, 2020, a general unconditional mandate (the “**Buy back Mandate**”) was granted to our Directors authorizing the buy back of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] 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.

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(ii) Source of funds

Buy backs 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 buy back 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 buying back 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 buy backs

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 buy back Shares in the market. Such buy backs 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 buy backs will benefit our Company and our Shareholders.

(c) Funding of buy backs

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 buy back 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 buy back 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, any buy back of Shares may also be paid out of capital.

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On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Company, our Directors consider that, if the Buy back 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 document. However, our Directors do not propose to exercise the Buy back 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 Buy back Mandate, on the basis of [REDACTED] Shares in issue immediately after the [REDACTED] (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the [REDACTED] and the exercise of the options which may be granted under the Share Option Scheme), would result in up to [REDACTED] 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 Buy back 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 Buy back 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 Buy back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buy back of Shares pursuant to the Buy back 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 buy back pursuant to the Buy back Mandate.

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If the Buy back Mandate is fully exercised immediately following completion of the [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the [REDACTED] and the exercise of the options which may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buy back Mandate will be [REDACTED] Shares, being [REDACTED] of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Ultimate Controlling Shareholders will be increased to approximately [REDACTED] of the issued share capital of our Company immediately following the full exercise of the Buy back Mandate. Any buy back 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 [REDACTED] under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buy back Mandate to such an extent that, in the circumstances, there is insufficient [REDACTED] 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 Buy back 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 document and are material:

- (a) an equity transfer agreement dated May 6, 2019 entered into between Sichuan Yucheng Ruihai Real Estate Development Co., Ltd. (四川御成瑞海房地產開發有限公司) and Sichuan Lingci Health Industry Co., Ltd. (四川領慈健康產業有限公司) pursuant to which Sichuan Yucheng Ruihai Real Estate Development Co., Ltd. (四川御成瑞海房地產開發有限公司) transferred the entire equity interest in Meishan Lingci Hospital Co., Ltd. (眉山領慈醫院有限公司) to Sichuan Lingci Health Industry Co., Ltd. (四川領慈健康產業有限公司) at nil consideration;

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- (b) an equity transfer agreement dated June 14, 2019 entered into between Leading Group Holding Co., Ltd. (領地集團股份有限公司) and Rong Liang Group Co., Ltd. (融量集團有限公司) pursuant to which Leading Group Holding Co., Ltd. (領地集團股份有限公司) transferred its 10.6% interest in Sichuan Huifeng Property Services Co., Ltd. (四川滙豐物業服務有限公司) to Rong Liang Group Co., Ltd. (融量集團有限公司) at a consideration of RMB5,698,875.22;
- (c) an equity transfer agreement dated June 19, 2019 entered into between Leshan Leading Real Estate Development Co., Ltd. (樂山領地房地產開發有限公司) and Sichuan Huayitong Trading Co., Ltd. (四川華易通商貿有限公司) pursuant to which Leshan Leading Real Estate Development Co., Ltd. (樂山領地房地產開發有限公司) transferred its 56% equity interest in Meishan Dongpo District Fanmei Microfinance Co., Ltd. (眉山市東坡區泛美小額貸款有限責任公司) to Sichuan Huayitong Trading Co., Ltd. (四川華易通商貿有限公司) at a consideration of RMB56 million;
- (d) an equity transfer agreement dated June 19, 2019 entered into between Sichuan Kaixuan Real Estate Development Co., Ltd. (四川凱旋房地產開發有限公司) and Sichuan Huayitong Trading Co., Ltd. (四川華易通商貿有限公司) pursuant to which Sichuan Kaixuan Real Estate Development Co., Ltd. (四川凱旋房地產開發有限公司) transferred its 13% equity interest in Meishan Dongpo District Fanmei Microfinance Co., Ltd. (眉山市東坡區泛美小額貸款有限責任公司) to Sichuan Huayitong Trading Co., Ltd. (四川華易通商貿有限公司) at a consideration of RMB13 million;
- (e) an equity transfer agreement dated June 30, 2019 entered into between Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司) and Sichuan Linghui Enterprise Management Co., Ltd. (四川領匯企業管理有限公司) pursuant to which Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司) transferred its 55% equity interest in Jilin Junyi Property Service Co., Ltd. (吉林省君逸物業服務有限公司) to Sichuan Linghui Enterprise Management Co., Ltd. (四川領匯企業管理有限公司) at a consideration of RMB433,850.65;
- (f) an equity transfer agreement dated June 30, 2019 entered into between Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司) and Nuoruide Investment Holding Co., Group Ltd. (諾睿德投資控股集團有限公司) pursuant to which Jilin Leading Real Estate Development Co., Ltd. (吉林省領地房地產開發有限公司) transferred its 45% equity interest in Jilin Junyi Property Service Co., Ltd. (吉林省君逸物業服務有限公司) to Nuoruide Investment Holding Group Co., Ltd. (諾睿德投資控股集團有限公司) at a consideration of RMB354,968.71;

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- (g) an equity transfer agreement dated September 11, 2019 entered into between Leading Group Holding Co., Ltd. (領地集團股份有限公司) and Rong Liang Group Co., Ltd. (融量集團有限公司) pursuant to which Leading Group Holding Co., Ltd. (領地集團股份有限公司) acquired the entire equity interest in Sichuan Hanruida Hotel Management Co., Ltd. (四川漢瑞達酒店管理有限公司) from Rong Liang Group Co., Ltd. (融量集團有限公司) at nil consideration;
- (h) a capital injection agreement dated November 1, 2019 entered into among Liang Yuan Asset Management Co., Ltd. (量源資產管理有限公司), Rong Liang Group Co., Ltd. (融量集團有限公司) and Du Neng Capital Limited pursuant to which Du Neng Capital Limited became interested in 1% of the equity interest in Chengdu Hengxi Enterprise Management Co., Ltd. (成都恒禧企業管理諮詢有限公司) through a capital injection of RMB35,511,000, of which RMB1,011,000 was contributed into the registered capital of Chengdu Hengxi Enterprise Management Co., Ltd. (成都恒禧企業管理諮詢有限公司) and the remainder of RMB34,500,000 was credited to the capital reserve of Chengdu Hengxi Enterprise Management Co., Ltd. (成都恒禧企業管理諮詢有限公司);
- (i) an equity transfer agreement dated November 20, 2019 entered into between Liang Yuan Asset Management Co., Ltd. (量源資產管理有限公司), Rong Liang Group Co., Ltd. (融量集團有限公司) and Chengdu Xida Enterprise Management Co., Ltd. (成都璽達企業管理有限公司) pursuant to which Chengdu Xida Enterprise Management Co., Ltd. (成都璽達企業管理有限公司) acquired 6.67% and 92.33% equity interest in Chengdu Hengxi Enterprise Management Co., Ltd. (成都恒禧企業管理諮詢有限公司) from Liang Yuan Asset Management Co., Ltd. (量源資產管理有限公司) and Rong Liang Group Co., Ltd. (融量集團有限公司), at consideration of RMB6.74 million and RMB93.26 million, respectively;
- (j) a share swap agreement dated December 31, 2019 entered into between Du Neng Holding Limited and Leading Holdings Group Limited (領地控股集團有限公司) pursuant to which Leading Holdings Group Limited (領地控股集團有限公司) acquired the entire equity interest in Du Neng Investment Limited from Du Neng Holding Limited in exchange for the issue of 600 Shares of Leading Holdings Group Limited (領地控股集團有限公司) to Du Neng Holding Limited;
- (k) an equity transfer agreement dated December 31, 2019 entered into between Rong Liang Group Co., Ltd. (融量集團有限公司) and Leading Group Co., Ltd. (領地集團有限公司) pursuant to which Leading Group Co., Ltd. (領地集團有限公司) acquired 8% of the equity interest in Leshan Hengbang Real Estate Development Co., Ltd. (樂山恒邦置業發展有限公司) from Rong Liang Group Co., Ltd. (融量集團有限公司) at a consideration of RMB10,023,500;

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- (l) the Deed of Non-competition;
- (m) the Deed of Indemnity; and
- (n) the Hong Kong [REDACTED].

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1.	领地	305018391	1, 2, 3, 6, 7, 8, 9, 11, 12, 16, 17, 19, 20, 21, 27, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	Leading Group	Hong Kong	August 7, 2019	August 6, 2029
2.	都能	300897102	9, 12, 16, 35, 36, 37, 38, 42	Leading Group	Hong Kong	June 22, 2007	June 21, 2027
3.	都能	301149444	6, 37	Leading Group	Hong Kong	June 27, 2008	June 26, 2028
4.	ALL CAN 都能	301149453	9, 12, 16, 35, 36, 37, 38, 42	Leading Group	Hong Kong	June 27, 2008	June 26, 2028
5.	领地	3328676	35	Leading Group	PRC	May 7, 2004	May 6, 2024
6.	领地	3976279	36	Leading Group	PRC	February 14, 2007	February 13, 2027
7.	领地集团	3976293	36	Leading Group	PRC	February 14, 2007	February 13, 2027
8.	领地	3976278	37	Leading Group	PRC	November 28, 2006	November 27, 2026
9.	ALL CAN	6123473	35	Leading Group	PRC	May 21, 2010	May 20, 2030
10.	都能	6123538	35	Leading Group	PRC	May 21, 2010	May 20, 2030
11.	ALL CAN	6123492	36	Leading Group	PRC	July 7, 2010	July 6, 2030
12.	都能	6123537	36	Leading Group	PRC	March 14, 2010	March 13, 2030
13.	领地	6123500	36	Leading Group	PRC	August 14, 2010	August 13, 2030
14.	ALL CAN	6123491	37	Leading Group	PRC	July 7, 2010	July 6, 2030

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No.	Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
15.	都能	6123536	37	Leading Group	PRC	March 14, 2010	March 13, 2030
16.	LEADING GROUP	6149628	36	Leading Group	PRC	March 28, 2010	March 27, 2030
17.	LEADING GROUP	6149626	37	Leading Group	PRC	January 14, 2011	January 13, 2021
18.	领地凯旋	6300904	36	Leading Group	PRC	March 28, 2010	March 27, 2030
19.	领地凯旋	6300903	37	Leading Group	PRC	March 28, 2010	March 27, 2030
20.	领地凯旋国际广场	7634743	36	Leading Group	PRC	June 28, 2011	June 27, 2021
21.	领地环球金融中心	8641765	37	Leading Group	PRC	December 21, 2011	December 20, 2021
22.	领地	14000531	36	Leading Group	PRC	August 21, 2015	August 20, 2025
23.	领地	14000537	37	Leading Group	PRC	March 21, 2015	March 20, 2025
24.	蘭台府	24182334	36	Leading Group	PRC	May 14, 2018	May 13, 2028

As of the Latest Practicable Date, our Group has applied for the registration of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Applicant Number	Class	Name of Applicant	Place of Application	Date of Application
1.	领地 LEADING 健康生活更美好	305018382	1, 2, 3, 6, 7, 8, 9, 11, 12, 16, 19, 20, 21, 27, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	Leading Group	Hong Kong	August 7, 2019

(b) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which are material to our business:

No.	Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	leading-group.com	Leading Group	March 25, 2004	March 25, 2023
2.	leading-group.com.cn	Leading Group	August 6, 2012	August 6, 2022
3.	领地集团.com	Leading Group	July 31, 2017	July 31, 2022
4.	领地集团.cn	Leading Group	July 31, 2017	July 31, 2022

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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 [REDACTED] and the [REDACTED] and assuming that the [REDACTED] or any option which may be granted under the Share Option Scheme is 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 its 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 [REDACTED] will be as follows:

Interest in our Company

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of shares interested</u>	<u>Approximate percentage of interest</u>
Mr. Liu Yuhui ⁽¹⁾	Interest of a controlled corporation	[REDACTED]	[REDACTED]

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Notes:

- (1) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after [REDACTED] and to the date when any one of them cease to be our Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. See “Relationship with Controlling Shareholders.” By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan. Therefore, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan for the purpose of Part XV of the SFO.

Interest in associated corporations of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Approximate percentage of interest</u>
Mr. Liu Yuhui	Jin Sha Jiang	Beneficial owner	100%
	Yue Lai	Beneficial owner	100%

(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 [REDACTED], 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 [REDACTED], which may be terminated by not less than three months’ notice in writing served by either party on the other.

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(c) Directors’ remuneration

Each of our executive Directors is entitled to a remuneration and shall be paid on the basis of a twelve-month year. During the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020 the aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid to our Directors was approximately RMB2.9 million, RMB3.0 million, RMB3.4 million and RMB1.4 million, respectively. For details, please refer to note 8 of the accountant’s report set out in Appendix I to this document.

Each of our independent non-executive Directors have been appointed for a term of three years. We intend to pay a director’s fee of RMB300,000 per annum to each of the independent non-executive Directors. Save for directors’ fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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 RMB4.0 million.

2. Substantial shareholders

(a) interest of the substantial Shareholders in the Shares

Save as disclosed in “Substantial Shareholders” so far as our Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] and assuming that the [REDACTED] or any option which may be granted under the Share Option Scheme is 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.

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(b) Interests of the substantial shareholders of 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 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:

<u>Name of members of our Group</u>	<u>Name of shareholders</u>	<u>Approximate percentage of the equity interests</u>
Chengdu Lingpao Real Estate Development Co., Ltd. (成都領跑房地產開發有限公司)	Chengdu Jinke Real Estate Development Co., Ltd. (成都金科房地產開發有限公司)	30%
Chengde Junyue Real Estate Development Co., Ltd. (承德市君越房地產開發有限公司)	Chengde Juntai	35%
	Hebei Jiuzhou Changlong Agricultural Technology Co., Ltd. (河北九州昌隆農業科技有限公司)	25%
Jilin Leading Real Estate	Changchun Shangyuan Real Estate Development Co., Ltd. (長春市上源房地產開發有限公司)	45%
Leshan Huarui Real Estate Development Co., Ltd. (樂山華瑞房地產開發有限公司)	Sichuan Bilian Technology Co., Ltd. (四川必鏈科技有限公司)	20%
	Sichuan Jinghua Real Estate Development Co., Ltd. (四川省精華房地產開發有限公司)	10%
Leshan Lingyue Real Estate Development Co., Ltd. (樂山領悅房地產開發有限公司)	Sichuan Xintianli Tourism Resource Development Co., Ltd. (四川新天利城旅遊資源開發有限公司)	40%
Meishan Weichuang Real Estate Development Co., Ltd. (眉山唯創房地產開發有限公司)	Tibet Feihong Steel Structure Co., Ltd. (西藏飛虹鋼結構有限公司)	22%
	Yiwu Chengcheng Investment Management Co., Ltd. (義烏市誠成投資管理有限公司)	18%
Sichuan Yuandi Real Estate	Sichuan Wanrunda Real Estate Co., Ltd. (四川萬潤達置業有限公司)	34%
Sichuan Changshoufang Real Estate Development Co., Ltd. (四川長壽坊房地產開發有限責任公司)	Ren Chongxi (任崇喜)	20%

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<u>Name of members of our Group</u>	<u>Name of shareholders</u>	<u>Approximate percentage of the equity interests</u>
Meishan Huarui Hongda Real Estate Co., Ltd. (眉山華瑞宏大置業有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%
Mianyang Jiaruicheng Real Estate Development Co., Ltd. (綿陽嘉瑞誠房地產開發有限公司)	Sichuan Esheng Cement Group Holdings Co., Ltd. (四川峨勝水泥集團股份有限公司)	37.9%
Xichang Haicheng Tourism Development Co., Ltd. (西昌市海誠旅遊開發有限公司)	Xichang Dongfang Space Tourism Co., Ltd. (西昌東方航天旅遊有限公司)	45%
Xinjiang Leading Real Estate	Sichuan Chuanyi Investment Co., Ltd. (四川省川億投資有限公司)	15%
Zhumadian Royal Post Cultural Tourism Development Co., Ltd. (駐馬店皇家驛站文化旅遊開發有限公司)	Henan Royal Post Cultural Tourism Development Co., Ltd. (河南皇家驛站文化旅遊開發有限公司)	30%
Mianyang Fantaiya Real Estate Development Co., Ltd. (綿陽泛太亞房地產開發有限公司)	Chengdu Shengtiancheng Property Co., Ltd. (成都盛天成置業有限公司)	50%
Xichang Hengliang Real Estate Development Co., Ltd. (西昌恒量房地產開發有限公司)	Shanghai Zhaowei	10%
	Shanghai Jiqing	10%
Chengde Shuangluan District Haijian Real Estate Development Co., Ltd. (承德市雙灤區海建房地產開發有限公司)	Chengde Juntai Real Estate Development Co., Ltd. (承德市君泰房地產開發有限公司)	51%
Huizhou Lingyue Real Estate Development Co., Ltd. (惠州領悅房地產開發有限公司)	Tang Yuezhong (唐月忠)	20%
Ya'an Leading Real Estate Development Co., Ltd. (雅安領地房地產開發有限公司)	Meishan Shishida Trading Co., Ltd. (眉山事事達商貿有限公司)	25%
	Sichuan Dixin Real Estate Development Co., Ltd. (四川地鑫房地產開發有限責任公司)	24%
Leshan Haina Real Estate Development Co., Ltd. (樂山海納房地產開發有限公司)	Sichuan Yongfeng Paper Holding Co., Ltd. (四川永豐紙業股份有限公司)	49%

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Name of members of our Group	Name of shareholders	Approximate percentage of the equity interests
Sichuan Land Real Estate Development Co., Ltd. (四川陸地房地產開發有限公司)	Leshan Land Real Estate Development Co., Ltd. (樂山市陸地房地產開發有限公司)	21.5%
Guizhou Leading Real Estate Development Co., Ltd. (貴州領地房地產開發有限公司)	Guizhou Meilongda Industrial Development Co., Ltd. (貴州美隆達實業發展有限公司)	30%
Xuzhou Chuanda Real Estate Development Co., Ltd. (徐州川達房地產開發有限公司)	Henan Yatong Property Co., Ltd. (河南雅同置業有限公司)	49%
Meishan Qingzhugou Tourism Development Co., Ltd. (眉山青竹溝旅遊開發有限公司)	Jiang Lingyun (姜凌雲)	40%
Sichuan Jinhengyuan Trading Co., Ltd. (四川金恒源商貿有限公司)	Chengdu Ruitonghang Trading Co., Ltd. (成都瑞通行商貿有限公司)	40%
Zhangjiakou Lingyu Real Estate Development Co., Ltd. (張家口領域房地產開發有限公司)	Zhangjiakou Ruicheng Trading Co., Ltd. (張家口瑞誠商貿有限公司)	25%
Meishan Haina Real Estate Development Co., Ltd. (眉山海納房地產開發有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%
Chengde Chuanda Real Estate Development Co., Ltd. (承德川達房地產開發有限公司)	Chengde Juntai	49%
Meishan Chuanruida Real Estate Development Co., Ltd. (眉山川瑞達房地產開發有限公司)	Meishan Hongda Construction Investment Co., Ltd. (眉山市宏大建設投資有限責任公司)	45%
Zhengzhou Chuanda Real Estate Development Co., Ltd. (鄭州川達房地產開發有限公司)	Zhengzhou Liangjing Industrial Co., Ltd. (鄭州量旌實業有限公司)	30%
Ya'an Jinhong Real Estate Development Co., Ltd. (雅安金宏房地產開發有限公司)	Ya'an Jinkai Real Estate Development Co., Ltd. (雅安金凱房地產開發有限公司)	49%

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<u>Name of members of our Group</u>	<u>Name of shareholders</u>	<u>Approximate percentage of the equity interests</u>
Urumuqi Leading Ruihua Real Estate Development Co., Ltd. (烏魯木齊領地瑞華房地產開發有限公司)	Xinjiang Zhongling Chenjiang Real Estate Development Co., Ltd. (新疆中凌辰江房地產開發有限公司)	40%
Chengdu High-tech Yuandi Chuanda Enterprise Management Co., Ltd. (成都高新源地川達企業管理有限公司)	Chengdu Yilian Properties Co., Ltd. (成都益聯置業有限公司)	49%

3. Agency fees or commissions received

Save as disclosed in this document, 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 document.

4. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executives 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 [REDACTED];
- (b) none of our Directors or experts referred to under the paragraph headed “—D. Other Information—9. Qualifications of experts” in this Appendix 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 document 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;

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- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document 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 [REDACTED], 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 [REDACTED], 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;
- (f) none of the experts referred to under the paragraph headed “—D. Other Information—9. Qualifications of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors as of the Latest Practicable Date, 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 issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on November 16, 2020.

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(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 independent non-executive Directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, 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.

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(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 must be 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 advisor as the case may be pursuant to paragraph (r), our Company shall issue and allot the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the [REDACTED] and the [REDACTED], being [REDACTED] Shares (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED]), 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 in compliance with Rules 17.03(3) and 17.06 of the Listing Rules 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

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- (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 advisor 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 capitalization issue, rights issue, sub-division or consolidation of Shares 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 which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time. The circular to be issued by our Company shall 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)(c) and (d) and the disclaimer required under 17.02(4) of the Listing Rules; and

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- (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 (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person (as defined in the Listing Rules)) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. 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:
 - (aa) the Eligible Participant’s name, address and occupation;
 - (bb) 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;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c) above;
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;
 - (gg) the date of the expiry of the option as may be determined by the Board; and
 - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c) above.
- (iii) 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.

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(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 determined by the Board in its absolute discretion, but in any event 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 on which such option is offered in writing to our Eligible Participant, 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 on which such option is offered in writing to our Eligible Participant; 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 (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If 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 on the date of offer of the option; and
- (ii) having an aggregate value, 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, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

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The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders’ meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options 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, or quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be), and where an option is granted to a Director:
 - (aa) 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
 - (bb) 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.

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(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 and 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 it has been granted. No option may be granted more than 10 years after the [REDACTED]. 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 [REDACTED].

(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 or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his/her personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

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(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 offense 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.

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(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 or payment 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 12:00 noon (Hong Kong time) on the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting, 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 issued and allotted on the exercise of options shall be subject to the provisions of the articles of association of the Company 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.

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(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 advisor 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 advisor, 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;

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- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee’s resignation from the employment of our Company or any of its subsidiaries or the termination of his/her employment or contract on any one or more of the grounds that he or he/she has been guilty of serious misconduct, or has been convicted of any criminal offense 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 canceled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of 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,

must be made with the prior approval of 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 canceled pursuant to paragraph (i).

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(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) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolution by our Shareholders to approve and adopt the rules of the Share Option Scheme;
- (ii) the [REDACTED] of the Stock Exchange granting the [REDACTED] of and permission to [REDACTED], 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 [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant, as a result of the waivers of any such condition(s) by the [REDACTED] (on behalf of the [REDACTED]) and not being terminated in accordance with the terms of the [REDACTED] or otherwise;
- (iv) the commencement of [REDACTED] our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from the adoption date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

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(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 of 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 [REDACTED] the Stock Exchange for the [REDACTED] of and permission to [REDACTED] our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being [REDACTED] Shares in total.

2. 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 might be incurred by any member of our Group on or before the [REDACTED]; (ii) any additional tax demand, late charges or penalties incurred after the [REDACTED] arising from any unreported tax, outstanding tax payment and any other tax liabilities resulting from any breach of applicable laws or regulations in the relevant jurisdiction by any member of the Group on or before the [REDACTED]; (iii) any claims, penalties or other indebtedness to be incurred after the [REDACTED] resulting from the non-compliance incidents as disclosed in “Business—Legal Proceedings and Compliance—Non-Compliance Incidents”; and (iv) any costs, expenses, claims or other indebtedness suffered or incurred by our Group in connection with the material legal proceedings disclosed in “Business—Legal Proceedings and Compliance—Ongoing Legal Proceedings”.

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3. Litigation

Save as disclosed in “Business—Legal Proceedings and Compliance”, 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.

4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of [REDACTED] for acting as the [REDACTED] for the [REDACTED].

The Sole Sponsor has made an application on our Company’s behalf to the [REDACTED] the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], all the Shares in issue and to be issued as mentioned in this document (including any Shares which may be issued pursuant to the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme). All necessary arrangements have been made for the Shares to be admitted into [REDACTED].

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US\$7,400 and are payable by our Company.

6. No material adverse change

Saved as disclosed in this document, our Directors confirm that there has been no material adverse change in our Group’s financial or trading position since May 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared).

7. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this document, 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 [REDACTED] and the related transactions described in this document.

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8. 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 [REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
CCB International Capital Limited . .	Licensed to conduct Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) of the 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 the PRC laws
China Index Academy	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited . .	Independent property valuer

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10. Consents of experts

Each of the experts named in “—D. Other Information—9. Qualifications of experts” in this Appendix has given and has not withdrawn its written consent to the issue of this document 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.

11. Interests of experts in our Company

None of the persons named in “—D. Other Information—9. Qualifications of experts” in this Appendix 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.

12. Binding effect

This document 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.

13. Miscellaneous

- (a) Within the two years immediately preceding the date of this document:
 - (i) save as disclosed in “History, Reorganization and Corporate Structure,” 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 for 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 document;

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- (d) the [REDACTED] of members of our Company will be maintained in the Cayman Islands by [REDACTED] and a [REDACTED] of members of our Company will be maintained in Hong Kong by [REDACTED]. 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 [REDACTED];
- (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;
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong; and
- (i) there is no arrangement under which future dividends are waived or agreed to be waived.

14. Bilingual document

The English language and Chinese language versions of this document 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 document, the English language version shall prevail.

APPENDIX VI**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION**

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the [REDACTED]; (b) the written consents referred to in “Appendix V—Statutory and General Information—D. Other Information—10. Consents of experts”; and (c) a copy of each of the material contracts referred to in “Appendix V—Statutory and General Information—B. Further Information about our Business—1. Summary of material contracts.”

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices 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 document:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants’ Report for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020 from Ernst & Young, the text of which is respectively set out in Appendix I to this document;
- (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 document;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2017, 2018 and 2019 and the five months ended May 31, 2020;
- (e) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III to this document;
- (f) the fair rent letter by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in relation to the fairness of the terms of the property lease framework agreement and the existing lease arrangements between our Group and the relevant subsidiaries of Rong Liang Group;
- (g) the legal opinion 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;
- (h) the letter of advice 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 document;

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- (i) the industry report issued by China Index Academy;
- (j) the Cayman Islands Companies Law;
- (k) copies of the material contracts referred to in “Appendix V—Statutory and General Information—B. Further Information about our Business—1. Summary of material contracts”;
- (l) service agreements and letters of appointment entered into between our Company and each of the Directors “Appendix V—Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—1. Directors”;
- (m) the written consents referred to in “Appendix V—Statutory and General Information—D. Other Information—10. Consents of experts”; and
- (n) the rules of the Share Option Scheme.